

TERM SHEET
Between Detroit Water and Sewerage Department and
the Great Lakes Water Authority

This Term Sheet sets forth the principal terms proposed for a Memorandum of Understanding ("MOU") between the Detroit Water and Sewerage Department ("DWSD") and the Great Lakes Water Authority ("GLWA"). The Regional Water Supply Lease, the Regional Sewage Disposal Lease (the "Leases"), the Water and Sewer Services Agreement ("WSSA") between the City of Detroit (the "City") and GLWA and the Master Bond Ordinances, as amended ("MBO"), govern the relationship between DWSD and GLWA, which began on January 1, 2016 (the "Effective Date"). The intent of this Term Sheet, and ultimately the MOU, is to (a) provide clarification of specific sections of the Leases, WSSA and MBO, (b) make adjustments contemplated by the Leases and the WSSA and (c) address the liquidation of specific liabilities.

In consideration for the mutual agreements described herein, DWSD and GLWA agree to the following clarifications and adjustments contemplated by or pursuant to the Leases, the WSSA and MBO as described below:

1. **Schedule of Adjustments:** This schedule summarizes the credits and transfers of amounts as provided below. **(See Schedule 1)**
2. **Adjustments to the Cash Held for the Benefit of DWSD (Book Entry), effective July 1, 2017:**

The following book entry credits and charges, reflecting a net amount of \$74,200,000, are to the Cash Held for the Benefit of DWSD as established on GLWA's General Ledger Account **(See Schedule 1)**:

- a. **Consideration for Assumption of Pre-Effective Date Liabilities:** GLWA shall credit a net amount of \$69,430,000.
- b. **Budget Stabilization Requirement:**
 - i. The current Budget Stabilization Requirement shall be reduced to \$7,500,000 effective July 1, 2017. To reflect this adjustment, GLWA shall apply \$3,433,000 as of July 1, 2017 as a credit.
 - ii. This revised Budget Stabilization Requirement is approximately two (2%) percent of DWSD's FY 2019 budgeted revenues. The amount of \$7,500,000 will remain in effect for the life of the Leases, unless further adjusted pursuant to the WSSA. If GLWA draws on the Budget Stabilization Fund pursuant to the terms of the WSSA, then DWSD shall restore the Budget Stabilization Fund as provided in the WSSA.
- c. **Final Year of Prior Sewer Lookback Adjustment Agreement:** GLWA shall credit \$1,333,900, reflecting the portion of the final annual \$20,000,000 sewer lookback adjustment charged during FY 2016, which was attributable to a deposit to the Local System Improvement and Extension ("I&E") Fund.
- d. **Litigation Liabilities:** GLWA shall credit \$78,430,000 for the assumption of Pre-Effective Date Liabilities, as outlined in Section 15, offset by a charge of \$9,000,000 for the reimbursement of certain litigation liabilities previously paid by GLWA.

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3. Non-cash Related Book Entries, effective July 1, 2017:

- a. **Lease Pre-payment:** The initial term of the Leases began on the Effective Date and ends on December 31, 2055. GLWA's last monthly payment shall be June 1, 2055 and GLWA's \$25,000,000 Lease pre-payment on January 1, 2016 shall be applied to the period of July 1, 2055 through December 31, 2055.
- b. **Obligation Payable by DWSD to GLWA for Direct Allocable Share of pre-Effective Date Bonded Indebtedness for the Local Systems:**
 - i. DWSD's agreed upon allocable share of pre-Effective Date bonded indebtedness at June 30, 2017 related to the Local Systems is \$437,280,200 for the Local Water System and \$358,090,600 for the Local Sewer System. This allocation was determined based on an agreed upon share of debt service as of July 1, 2015 (\$455,000,000 for the Local Water System and \$370,000,000 for the Local Sewer System) and the amounts included in the revenue requirements allocated to the Local System customers related to the debt service for FY 2016 and FY 2017.
 - ii. **Twenty-Year Amortization Schedule:** The amortization schedule of DWSD's obligations payable related to pre-Effective Date bonded indebtedness for the Local Systems shall be as shown on **Schedule 3**. This amortization schedule establishes fixed payment terms for these obligations. The agreed upon interest rate shall be 4.76% for the Local Water System and 4.33% for the Local Sewer System. This amortization schedule shall not be altered to reflect any refunding of pre-Effective Date bonded debt after calendar year 2017.
 - iii. Debt service on bonds issued Post-Effective Date, other than bonds issued after calendar year 2017 to refund pre-Effective Date debt, shall be allocated based on the use of the proceeds.
 - iv. **FY 2018 Revenue Requirement:** Consistent with implementation of the amortization schedule, GLWA shall reduce DWSD FY 2018 Revenue Requirement by \$2,177,500. **(See Schedule 3)**

4. DWSD Retail Customers:

- a. **Pre-Effective Date Receivables:**
 - i. As of July 1, 2017, GLWA shall transfer to DWSD all of GLWA's interests in remaining pre-Effective Date retail accounts receivable and DWSD assumes all liability associated with repayment of delinquent tax advances. **(See Schedule 2)** Net balances of \$8,800,000 shall be written off from GLWA's books as of July 1, 2017.
 - ii. In addition, GLWA shall transfer \$16,293,000 related to the cumulative Wayne County Revolving Fund Loan proceeds, collected after July 1,

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2017, to DWSD's Operation and Maintenance ("O&M") Fund and the related obligations. **(See Schedule 2)**

- iii. Other collection activity related to these retail accounts receivable, since July 1, 2017, shall be deposited to the GLWA MBO Trust and distributed in accordance with terms of the MBO and credited to the Cash Held for the Benefit of DWSD Account.
 - iv. DWSD and GLWA shall provide notice to the City and the County of Wayne that DWSD shall manage all aspects of delinquent account collections effective immediately.
- b. **Landlord/Tenant Deposits and Affordability Accounts:** GLWA shall transfer to DWSD all of GLWA's interests, if any, in the balances in the Landlord/Tenant Deposits and Affordability Accounts held in a fiduciary capacity and the related obligations.

5. Cash Transfer to DWSD I&E Account: Construction Fund bond proceeds available on the Effective Date are allocated consistent with the DWSD agreed upon allocable share of bond debt service related to the Local Systems. In recognition, GLWA shall transfer \$15,174,200 from GLWA's Sewer System I&E Account to DWSD Sewer System I&E Account. **(See Schedule 5)**

6. Cash Transfer to DWSD O&M Account:

- a. **Due to/Due from Other City Liabilities:** GLWA shall transfer \$20,200,000 to DWSD, in full satisfaction of GLWA's remaining short and long-term worker's compensation, unemployment, compensated absences employment and other liabilities included in Schedule 4, which were allocated to GLWA pursuant to the Leases. Upon execution of the MOU, DWSD will notify the City Office of the Chief Financial Officer ("CFO") that DWSD has become solely responsible for these liabilities. **(See Schedule 4)**. Net balances of \$20,200,000 shall be written off from GLWA's books as of July 1, 2017. DWSD shall record a like amount as of July 1, 2017.
- b. There shall be no additional financial liabilities owed by GLWA as reflected Section 15(a)(viii) and specifically identified in **Schedule 4**.

7. Extraordinary Repair & Replacement (ER&R) Reserve Fund Contributions and Clarifications:

- a. Except for the required restoration of DWSD withdrawals, GLWA shall fund future deposits to the ER&R Reserve Fund from Regional System Revenues as needed to satisfy the ER&R Maximum Requirement, as defined in the MBO and based on the sum of the Regional and Local Systems' Fiscal Year O&M Budgets.
- b. This provision does not require any cash or non-cash adjustments between the parties.

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- c. The ER&R Reserve Fund shall be available to both GLWA and DWSD as provided in the MBO. To the extent there may be an investment loss if funds are drawn by DWSD, DWSD's Chief Financial Officer shall be advised before any loss is incurred. The entity that uses the funds shall fund investment losses incurred, if any.
- d. DWSD draws not repaid as contemplated by the MBO shall be repaid in full, in installments, over a period up to the next three fiscal years, plus a surcharge calculated as provided below, as part of the revenue requirement allocated to and payable by DWSD. The surcharge on the portion of the draw which remains unpaid at June 30 of the fiscal year in which the draw was made shall be based on the three-year U.S. Treasury Note Rate, as published in the Wall Street Journal, plus 150 basis points. A sample calculation of the surcharge factor is shown below:

March 1, 2018 U.S. 3 Year Treasury Note Rate:	2.404%
Plus 150 basis points:	1.500%
Surcharge Factor:	3.904%

- i. Until DWSD's ER&R Reserve Fund withdrawal is repaid, and unless DWSD has other resources available for that purpose or otherwise agreed to by GLWA, DWSD shall apply any available Local I&E funds for that purpose.
- ii. GLWA Board approval shall be required for repayment terms in excess of three (3) years.
- iii. The quarterly Reconciliation Committee meetings shall include a review of the progress in DWSD repaying any ER&R Reserve Fund withdrawal.

8. Sewer Bad Debt Lookback:

- a. The final sewer bad debt lookback adjustment, as calculated as of June 30, 2017, shall reduce DWSD's FY 2019 revenue requirement by \$6,527,200. This adjustment is different than the Prior Sewer Lookback Adjustment Agreement that is reflected in Section 2(c).
- b. The parties agree that the Budget Stabilization Fund sufficiently accomplishes the intent of mitigating collection risk, obviating the need for any further sewer bad debt lookback.

9. Reconciliation Committee: The Reconciliation Committee (defined by the WSSA as a DWSD Board Member and GLWA Board Member or their designees) with GLWA's CEO, DWSD's Director, and their respective CFOs and General Counsels shall meet at a minimum quarterly (January, April, July, and October). GLWA's Board Member shall not be a Mayoral appointee and shall not be selected by the

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Mayoral appointees to the GLWA Board. The purpose of the quarterly meetings is to expand the level of communication between the two entities related to financial, operational, legal, capital planning, and other matters and opportunities for improved management and coordination of both entities and foster a positive partnership in the water services sector. The results of those meetings shall be reported back to the respective Boards by the Board liaison.

10. Financial Reporting on the Local System: Within sixty (60) days following execution of this Term Sheet, DWSD shall transmit to GLWA:

- a. Quarterly Budget to Actual Report for Revenues and Expenses for O&M, I&E, and Construction Bond activities.
- b. Quarterly cash flow forecast for the subsequent two-year time period for O&M, I&E, and Construction Bond activities.
- c. Quarterly reconciliation of the Cash Held by GLWA, as recorded by DWSD, with the Cash Held for the Benefit of DWSD, as provided by GLWA.
- d. Monthly cash receipts presented on a year-over-year basis with variance analysis.
- e. Monthly accounts receivable roll-forward by system, which provides beginning balance, revenues, expenses, write-offs, other adjustments, and reconciling items.
- f. Daily cash receipt reconciliation.
- g. Any other reports as requested by the Reconciliation Committee.

11. Standard Operating Procedures: DWSD and GLWA shall jointly develop Standard Operating Procedures (SOPs) for working through and documenting operational interactions. To the extent that SOPs cannot be agreed upon by the DWSD and GLWA team members after review with the GLWA CEO and the DWSD Director, the issue may be brought forward to the Reconciliation Committee.

12. Budget Shortfall:

- a. If DWSD experiences a cumulative negative variance from its budget adopted pursuant to Section 5.3 of the WSSA of more than two (2%) percent of the total budget for either Local System (a "Budget Shortfall") based on DWSD's quarterly reports to GLWA, DWSD, as the agent of GLWA, shall, within thirty (30) days thereafter, schedule a meeting of the Reconciliation Committee to discuss the magnitude and reasons for the shortfall and possible approaches to address the shortfall. Within sixty (60) days after the Reconciliation Committee meets, DWSD, as agent, shall develop a plan to cure the Budget Shortfall and the time period within which the shortfall will be cured, taking into account the reasons for and magnitude of the shortfall. If Revenues, including, but not limited to, adjustments to Local O&M expenditures and the use of subsequent positive receipts, are

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not available to cure the Budget Shortfall within the same fiscal year, DWSD shall reallocate available funds in the Local I&E Account or reallocate any unencumbered Lease Payment to eligible debt service to satisfy the Budget Shortfall.

- b. Budget Shortfalls not cured by the end of the fiscal year following the year in which they arise shall be repaid in full, in installments, over a period not to exceed the next three fiscal years, plus a surcharge calculated as provided below, as part of the Revenue Requirement payable by DWSD. The surcharge factor on the portion of the Budget Shortfall which remains unpaid at June 30 of the fiscal year following the fiscal year in which the Budget Shortfall arises shall be based on the three-year U.S. Treasury Note Rate, as published in the Wall Street Journal, plus 150 basis points. A sample calculation of the surcharge factor is shown below:

March 1, 2018 U.S. 3 Year Treasury Note Rate:	2.404%
Plus 150 basis points:	1.500%
Surcharge Factor:	3.904%

- i. Until the Budget Shortfall is repaid, and unless DWSD has other resources available for that purpose or otherwise agreed to by GLWA, DWSD shall apply any available Local I&E funds for that purpose.
- ii. GLWA Board approval shall be required for repayment terms in excess of three (3) years.
- iii. The quarterly Reconciliation Committee meetings shall include a review of the progress in eliminating the Budget Shortfall.

13. MOU Implementation: Any write offs recognized in GLWA's Financial Statements related to implementing the MOU shall not directly affect current or future revenue requirements for customer specific cost pools.

14. Water and Sewer Charges to GLWA: GLWA desires a meeting to begin the discussion on the clarification of water supply and sewage disposal services provided by DWSD to the Regional System within thirty (30) days after the execution of the MOU. If this issue is not resolved within ninety (90) days after the meeting, the matter will be brought to the Reconciliation Committee for resolution.

15. Pre-Effective Date Liabilities:

- a. DWSD assumes liability for third party litigation, arbitrations and claims arising out of events and/or actions occurring on or before January 1, 2016 and involving the following types of matters (collectively, the "Pre-Effective Date Liabilities"):
 - i. Local System ratemaking, collections and enforcement

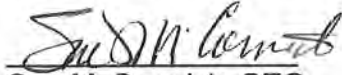
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- ii. Sewer back-ups in the City of Detroit, unless there is admissible evidence of the failure of Leased Sewer Facility or Facilities
 - iii. Personal injury matters, including:
 - 1. Trip and falls within the City of Detroit
 - 2. Automobile accidents within the City of Detroit
 - 3. Building defects, except for defects occurring in Leased Water and Sewer Facilities
 - iv. Contract matters related to the Local System, including:
 - 1. Construction Services, including Design-Build
 - 2. Professional and/or Consultant Services
 - 3. Engineering Services
 - 4. Personal Services
 - 5. Legal Services
 - 6. Financial Services
 - 7. Expert Witness Services
 - v. Environmental matters related to the Local System
 - vi. City of Detroit Bankruptcy matters, excluding BC Notes and pension liabilities as described in Section 4.3 of the Leases
 - vii. Freedom of Information Act and Open Meetings Act matters related to the Local System for which DWSD maintains the records
 - viii. In addition to the matters addressed in Section 6 of this Term Sheet, Employment matters for DWSD employees that were not actually offered employment by GLWA, including:
 - 1. Labor/Union and
 - 2. Discrimination and harassment
 - ix. Any other claim relating to the Local System only.
- b. For all Pre-Effective Date Liabilities, DWSD agrees to:
- i. Lead in the defense of the Pre-Effective Date Liabilities.
 - ii. Assume all financial or legal exposure for the Pre-Effective Date Liabilities, including any and all unpaid amounts to fund ratemaking litigation settlements.
- c. GLWA agrees that the arbitration demands approved by GLWA's Board related to Pre-Effective Date Liabilities involving third parties shall be withdrawn.
- d. GLWA agrees to cooperate in DWSD's defense of any Pre-Effective Date Liabilities.

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This Term Sheet is only for discussion purposes and is not intended to impose any legal obligation on any party.

On behalf of GLWA:



Sue McCormick, CEO

Dated: April 11, 2018

Approved by GLWA Board Resolution
#2018-685 on April 3, 2018

On behalf of DWSD:



Gary Brown, Director

Dated: April 11, 2018

Approved by DWSD BOWC Resolution
#18-0084 on April 4, 2018

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Schedule 1 - Schedule of Adjustments
(\$ Millions-Rounded)

Settlement Activity	
Net Book Entry Credits FY 2018	
Budget Stabilization Fund Formula Adjustment (Section 2(b))	\$3.43
Sewer Lookback Adjustment (Section 2(c))	\$1.33
Consideration for Assumption of Pre-Effective Date Liabilities (net of \$9 million charge for certain litigation liabilities; Sections 2(a) & 2(d))	\$69.43
Total Net Book Entry Credits for Cash Held for the Benefit of DWSD	\$74.20
Cash Transfers FY 2018	
Wayne County Revolving Fund Proceeds (per Schedule 2)	\$16.29
Construction Bond Cash Allocation (paid from GLWA I&E Funds; per Schedule 6)	\$15.17
Due To/Due From Other City Liabilities (per Schedule 4)	\$20.20
Total Cash Transfers	\$51.66

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Schedule 2 – Accounts Receivable and County Revolving Loan Fund

**Net Accounts Receivable (AR) Balances, Written-off by GLWA as of June 30, 2017;
Balances and Subsequent Activity Transferred to DWSD**

Water System

AR - City of Detroit Customers	\$ 12,758,181
AR - City of Detroit Customers - Allowance for Doubtful Accounts	(12,018,547)
AR - City of Detroit General Fund Tax Collections	1,088,215
AR - City of Detroit Other Fund Tax Collections	130,823
AR - City of Detroit Tax Roll Lien – Net	429,704
Cash - Affordability Program	977,278
DWSD Landlord-Tenant Deposits	(1,977,648)
Deferred Contributions Affordability	(1,042,265)
Wayne County Revolving Loan Fund	(1,040,446)
Subtotal - Net Accounts Receivable Water System, June 30, 2017	<u>(694,704)</u>

Sewer System

AR - City of Detroit Customers Allowance for Doubtful Accounts	32,123,672
Allowance for Doubtful AR-DWSD-12.31.15	(30,675,123)
AR - City of Detroit General Fund Tax Collections	13,511,863
AR - City of Detroit Other Fund Tax Collections	2,120,549
AR - City of Detroit Tax Roll Lien – Net	5,392,405
Wayne County Revolving Loan Fund	(12,962,512)
Subtotal - Net Accounts Receivable Sewer System, June 30, 2017	<u>9,510,854</u>

Net Accounts Receivable (AR) Balances as of June 30, 2017 transferred to DWSD	<u>\$ 8,816,149</u>
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Note: Subsequent to July 1, 2017, \$16,293,664 was received from Wayne County as a Revolving Fund loan. That same amount of cash will be transferred to the Local System Operations and Maintenance Fund to be accounted for as any other liability. All other activity is accounted for consistently with other Local System receipts.

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**Schedule 3 - Obligation Payable by DWSD to GLWA
(for direct allocable share of pre-Effective Date bonded indebtedness)**

See attached Amortization Schedules.

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Between Detroit Water and Sewerage Department and the Great Lakes Water Authority

Amortization Schedule for Obligation Payable

Local System Obligation Payable @ 7/1/15	455,000,000	370,000,000
Weighted Average Interest Rate on the Effective Date	5.15%	4.71%
Weighted Avg Interest Rate on the Pre-Bifurcation Bonds *	5.01% * After considering effects of 2016 Refinancing	4.59%
Interest Rate offset to reflect Potential Future Refunding Savings	0.25%	0.25%
Interest Rate Starting in FY 2018	4.76%	4.33%
Initial Year Budget Local System D/S - Full Year	31,219,800	22,567,400
Balance @ 6/30/18	425,333,500	346,828,300
Remaining Term	20	20
Annual Payment	33,438,800	26,271,500

FY	Preliminary Amortization - Water			Preliminary Amortization - Sewer		
	Principal	Interest Rate	Total	Principal	Interest Rate	Total
2016	7,787,500	5.15%	31,219,800	5,140,400	4.71%	22,567,400
2017	9,932,500	4.76%	31,219,800	6,769,000	4.33%	358,090,600
2018	11,946,700	4.76%	32,761,200	11,263,300	4.33%	346,828,300
2019	13,192,900	4.76%	33,438,800	11,253,800	4.33%	335,574,500
2020	13,820,900	4.76%	33,438,800	11,741,100	4.33%	323,833,400
2021	14,473,800	4.76%	33,438,800	12,249,500	4.33%	311,583,900
2022	15,168,000	4.76%	33,438,800	12,779,900	4.33%	298,804,000
2023	15,890,000	4.76%	33,438,800	13,333,300	4.33%	285,470,700
2024	16,646,300	4.76%	33,438,800	13,910,600	4.33%	271,560,100
2025	17,438,700	4.76%	33,438,800	14,512,900	4.33%	257,047,200
2026	18,269,800	4.76%	33,438,800	15,141,400	4.33%	241,905,800
2027	19,138,400	4.76%	33,438,800	15,797,000	4.33%	226,108,800
2028	20,049,400	4.76%	33,438,800	16,481,000	4.33%	209,627,800
2029	21,003,700	4.76%	33,438,800	17,194,600	4.33%	192,433,200
2030	22,003,500	4.76%	33,438,800	17,939,100	4.33%	174,494,100
2031	23,050,900	4.76%	33,438,800	18,715,900	4.33%	155,778,200
2032	24,148,100	4.76%	33,438,800	19,526,300	4.33%	136,251,900
2033	25,297,500	4.76%	33,438,800	20,371,800	4.33%	115,880,100
2034	26,501,700	4.76%	33,438,800	21,253,900	4.33%	94,626,200
2035	27,763,300	4.76%	33,438,800	22,174,200	4.33%	72,452,000
2036	29,084,700	4.76%	33,438,800	23,134,300	4.33%	49,317,700
2037	30,469,100	4.76%	33,438,800	24,136,000	4.33%	25,181,700
2038	31,918,900	4.76%	33,438,200	25,181,700	4.33%	0
Totals	455,000,000		763,976,200	370,000,000		597,333,000

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Obligation Payable Calculations and Comparisons

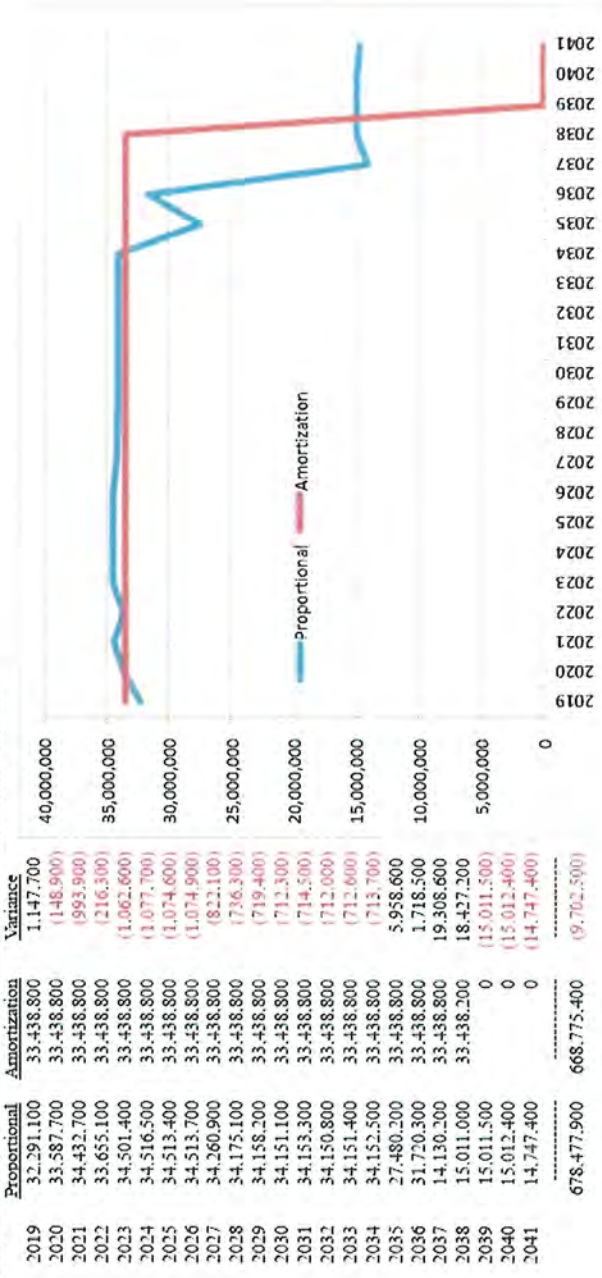
	Original Amortization Schedule for Revenue Res't Allocations			Agreed Upon Amortization Schedule			Variance		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Water									
6/30/15	3,378,600	12,131,300	15,609,900	3,893,700	11,716,300	15,610,000	515,100	(515,000)	100
12/31/15	3,378,600	13,231,300	16,609,900	3,893,600	11,716,300	15,609,900	515,000	(515,000)	0
6/30/16	7,591,660	23,638,200	31,239,860	9,933,500	21,28,300	31,219,800	2,340,960	(2,140,900)	199,960
6/30/2017 (a)	11,065,900	28,247,900	39,313,800	11,946,700	20,814,300	32,761,200	880,300	(2,433,400)	(1,553,000)
6/30/2018 (b)	25,414,700	71,338,700	96,753,400	29,666,500	65,354,300	95,020,800	4,151,800	(3,304,400)	(846,600)
Subtotal - FY 18	11,749,800	22,693,500	34,443,300	13,191,900	20,245,900	33,438,800	1,443,100	(2,447,600)	(1,004,500)
6/30/19	37,164,500	94,032,200	131,196,700	42,439,400	81,780,200	124,219,600	5,694,900	(48,561,000)	(42,866,100)
Subtotal - FY 19 Plan									
Sewer									
6/30/15	2,452,400	8,831,300	11,283,700	2,570,300	8,713,500	11,283,700	117,800	(117,800)	0
12/31/15	2,452,400	8,831,300	11,283,700	2,570,300	8,713,500	11,283,700	117,800	(117,800)	0
6/30/16	5,504,700	17,062,700	22,567,400	6,769,000	15,798,400	22,567,400	1,264,300	(1,264,300)	0
6/30/2017 (a)	10,581,900	16,810,600	27,392,500	11,262,300	15,502,300	26,764,600	680,400	(1,302,300)	(624,900)
6/30/2018 (b)	20,991,400	51,535,900	72,527,300	23,171,700	48,750,700	71,922,400	2,180,300	(2,803,200)	(622,900)
Subtotal - FY 18	10,458,200	16,325,900	26,784,100	11,253,800	15,017,700	26,271,500	795,600	(1,308,200)	(512,600)
6/30/19	31,459,600	67,861,800	99,321,400	34,425,500	65,748,400	100,173,900	2,975,900	(4,119,400)	(1,143,500)
Subtotal - FY 19 Plan									
(a) Principal Balance at 6/30/17				464,039,800			464,039,800		
Water				267,042,800			267,042,800		
Sewer				831,072,700			831,072,700		
Total				1,295,112,500			1,295,112,500		
(b) Total Debt Service During FY 2018									
Water				34,313,800			34,313,800		
Sewer				27,392,500			27,392,500		
Total				61,706,300			61,706,300		

(a) Principal Balance at 6/30/17: (26,749,600)
 (8,943,100)
 (35,701,900)

(b) Total Debt Service During FY 2018: (1,572,600)
 (624,900)
 (2,197,500)

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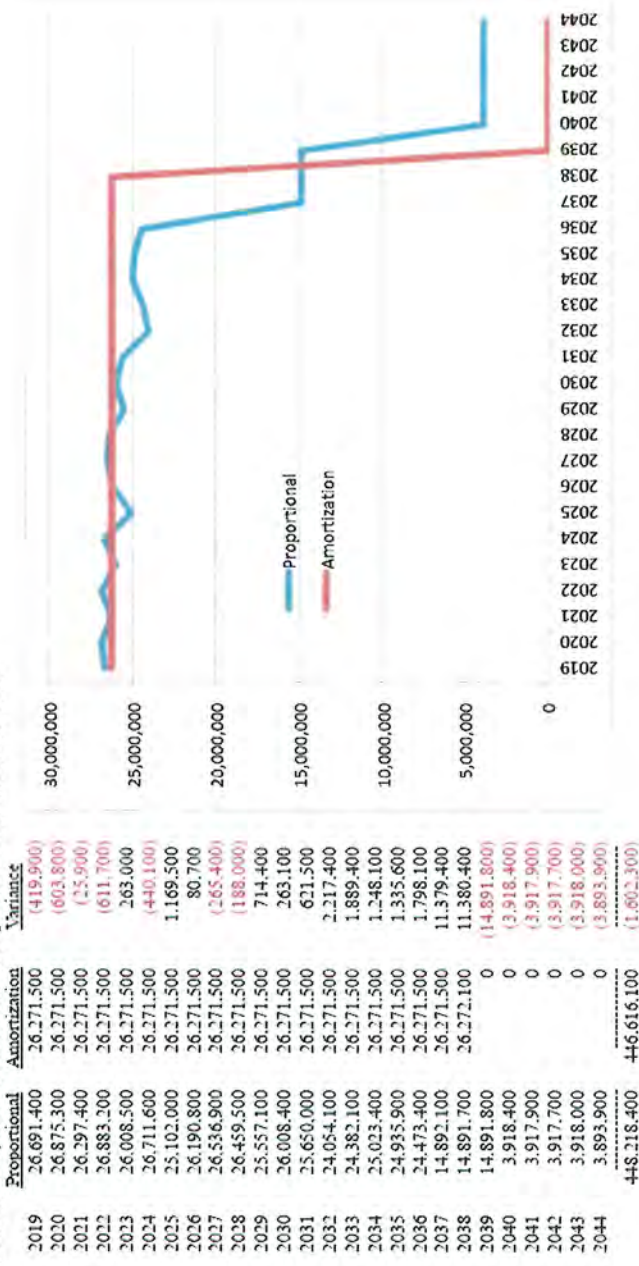
Local Water System "Debt Service" Comparison - Amortization Schedule



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Local Sewer System "Debt Service" Comparison - Amortization Schedule



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Schedule 4 - Due to/Due from Other City Liabilities

<u>(Due to)/Due From Amount</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Due to Other Funds City of Detroit			
Benefits	\$ (101,859)	\$ (1,121,706)	\$ (1,223,565)
Risk Management - Workers Comp (non-insured cash pymts)	(1,825,206)	(885,927)	(2,711,132)
Construction Code Fund	(50,994)	-	(50,994)
Disability Plan	(120,677)	-	(120,677)
Subtotal - Due to Other Funds City of Detroit	(2,098,736)	(2,007,632)	(4,106,368)
Due to General Fund City of Detroit			
General Fund Life-to-date Agreed Upon Balance as of June 30, 2015	(12,664,425)	(3,072,757)	(15,737,182)
Interagency Billings for HAZMAT	-	(349,236)	(349,236)
Central Services Administrative Charges	-	(1,222,169)	(1,222,169)
Payroll Services March 2015 through Dec 2015	-	(52,815)	(52,815)
Central Services Administrative Charges	(1,222,169)	-	(1,222,169)
Payroll Services for March through December 2015	(52,815)	-	(52,815)
General Fund - Unemployment Reimbursements	(711,744)	-	(711,744)
Offset: City General Fund Unemployment Transfer	96,863	-	96,863
Offset: General Fund - Reimbursement for Centralized Expenses	1,364	-	1,364
Offset: Delinquent Tax - County Settlement as of June 30, 2015 (Note 1)	4,034,710	-	4,034,710
Offset: DWSD Payment to City General Fund through June 30, 2015	8,088,816	-	8,088,816
Due to Other Funds City of Detroit (Construction Code Fund)	-	(47,539)	(47,539)
Current Workers Compensation	(294,557)	(390,165)	(684,722)
Current Death Benefits (Legacy)	(32,101)	(15,124)	(47,225)
Subtotal - Due to General Fund City of Detroit	(2,756,058)	(5,149,804)	(7,905,862)
Long-term Death Benefits Liability (Legacy)	(237,462)	(216,828)	(454,290)
Long-Term Workers Compensation	(3,312,536)	(4,390,938)	(7,703,474)
Subtotal - Long-term Due to General Fund City of Detroit	(3,549,998)	(4,607,766)	(8,157,764)
Total - Due to City of Detroit Funds as of June 30, 2017	\$ (8,404,791)	\$ (11,765,203)	\$ (20,169,994)

Note 1: These entries in Schedule 4 are not reflected in Schedule 2.

TERM SHEET
Between Detroit Water and Sewerage Department and
the Great Lakes Water Authority

Schedule 5: Cash Transfer to DWSD I&E Account

	Net Position of Construction Fund at 12.31.2015	Comment
Water		
Cash	\$ 17,471,801	Page 16 of 12.31.2015 DWSD Audit (carried forward to GLWA)
Other Assets/Liabilities	(19,600,783)	
Net Position at December 31, 2015	\$ (2,128,982)	Agreed to 1/1/16 Trial Balance (GLWA)
<i>No allocation of cumulative negative net position (funded from post-effective date sources).</i>		
Sewer		
Cash	\$ 134,810,437	Page 16 of 12.31.2015 DWSD Audit (carried forward to GLWA)
Other Assets/Liabilities	(47,629)	
Net Position at December 31, 2015	\$ 134,762,808	Agreed to 1/1/16 Trial Balance (GLWA)
Local Asset Debt Allocation - %	<u>11.26%</u>	
Allocation of Sewer Construction Funds	\$ 15,174,200	Allocable to Local I&E Account