



Audit Committee Meeting
Friday, February 27, 2026 at 8:00 a.m.
www.glwater.org

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Meeting ID: **823 0313 7764** Passcode: **506475**

US Toll-free: **877 853 5247** or **888 788 0099**

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
 - A. None
5. PUBLIC PARTICIPATION
6. OLD BUSINESS
7. NEW BUSINESS
 - A. *Action Item:* Resolution for Approval of Series Ordinance (Page 1)
Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$63,664,685 (Ordinance 2026-01) for FY 2026 Clean Water State Revolving Fund Projects
8. REPORTS
 - A. CFO Report (Page 33)
 - B. Monthly Financial Report (Page 35)
 - C. Gifts, Grants & Other Resources Report (Page 36)
 - D. Quarterly Investment Report (Page 42)
 - E. Semi-Annual B.I.D. Report (Page 72)
 - F. Affordability & Assistance Update & WRAP Program Review (Page 76)
 - G. Quarterly Economic Outlook Task Force Update (Page 99)
 - H. Micro-Purchase Annual Self-Certification Process -Threshold (Page 110)
Increase to \$50,000
9. COMMUNICATIONS
 - A. The Procurement Pipeline for February 2026 (Page 112)
10. LOOK AHEAD
 - A. Next Audit Committee Meeting: March 27, 2026 at 8:00 a.m.
11. OTHER MATTERS
12. ADJOURNMENT



Financial Services Audit Committee Communication

Date: February 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Kim Garland, CPA, Deputy Chief Financial Officer

Re: Resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$63,664,685 (Ordinance 2026-01) for the FY 2026 Clean Water State Revolving Fund Projects

Background & Analysis: The following documents are attached.

1. Draft Great Lakes Water Authority (GLWA) Board letter
2. Series Ordinance Authorizing Issuance and Sale of Sewage of Disposal System Revenue Bonds for the GLWA Pump Station No. 2 Variable Frequency Drive (VFD) Replacement and GLWA Combined Sewer Overflow (CSO) Facilities Improvement project
3. Resolution for Approval of the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds

Proposed Action: The GLWA Audit Committee recommends that the Great Lakes Water Authority Board approve a resolution for approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$63,664,685 for the FY 2026 Clean Water State Revolving Fund Projects as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

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..Title

Resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$63,664,685 (Ordinance 2026-01) for FY 2026 Clean Water State Revolving Fund Projects

..Body

Agenda of: March 25, 2026
Item No.: **2026-066**
Amount: Not to Exceed \$63,664,685

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: March 25, 2026

RE: Resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$63,664,685 (Ordinance 2026-01) for FY 2026 Clean Water State Revolving Fund Projects

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer (CFO) and Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves a resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$63,664,685 (Ordinance 2026-01) for FY 2026 Clean Water State Revolving Fund Projects as presented**, and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

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BACKGROUND

Annually, the Great Lakes Water Authority (GLWA) submits projects to the Michigan Department of Environment, Great Lakes, and Energy (EGLE) for low-interest funding consideration through the Clean Water State Revolving Fund (CWSRF). EGLE awarded GLWA funding for the Pump Station No. 2 Variable Frequency Drive (VFD) Replacement project and GLWA's Combined Sewer Overflow (CSO) Facility Improvement project for EGLE's FY 2026 funding year.

The Pump Station No. 2 Variable Frequency Drive (VFD) and CSO Facility Improvement projects have an anticipated loan closing date of May 7, 2026, and to issue debt, a Series Ordinance (2026-01) must be adopted by the GLWA Board.

There are two key drivers related to this resolution: CWSRF funding and financing.

CWSRF Funding

Pump Station No. 2 VFD Replacement – (CIP No. 211005, SRF No. 5859-01): On April 26, 2023, the GLWA Board adopted a resolution approving the SFE Pump Station project plan for submittal to EGLE's FY 2024 CWSRF program following a public hearing on the same date. Although the project did not receive funding in FY 2024 subsequent resubmissions led to project funding in the amount of \$20,000,000 as notified on EGLE's final FY 2026 CWSRF Intended Use Plan (IUP) in October 2025. Further, GLWA recently learned that there may be additional CWSRF funding available of up to \$5,000,000 to support this project. This funding allocation is summarized below.

Total IUP Award Amount	\$20,000,000
Potential Additional Loan Funding	<u>5,000,000</u>
Anticipated CWSRF Loan Amount	\$25,000,000
Funded from other GLWA sources	<u>16,080,626</u>
Estimated Construction Cost	<u>\$41,080,626</u>

The current, estimated project construction cost has increased to \$41,080,626, which differs from the \$12,000,000 presented at the April 26, 2023 Public Hearing and the updated \$20,000,000 estimate provided with the FY 2026 resubmission to EGLE. This is due to ongoing cost increases as well as design detail and cost estimate refinements made during the formal bid process. The remaining \$16,080,626 not covered through CWSRF funding will be paid through other GLWA resources such as revenue bond proceeds.

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CSO Facility Improvements – (CIP No. 270006, SRF No. 6025-01): On April 23, 2025, the GLWA Board adopted a resolution approving the CSO Facilities Improvement project plan for submittal to EGLE’s FY 2026 CWSRF program following a public hearing on the same date. The project was subsequently approved for funding as notified on EGLE’s final CWSRF Intended Use Plan (IUP) in October 2025.

Total CWSRF Loan Amount	\$12,519,300
Principal Forgiveness	<u>1,870,700</u>
Anticipated CWSRF Loan Amount	\$14,390,000

The current estimated project cost is \$16,796,360. This differs from the \$23,578,000 cost estimate presented at the April 23, 2025 public hearing because EGLE determined certain costs related to architectural and safety improvements fell outside the scope of allowable expenses under the CWSRF program.

Financing

The 2026 SRF-2 and SRF-3 Junior Lien Bonds will be sold through the Municipal Finance Authority (MFA) under the state of Michigan’s CWSRF program. The amount to be financed is within GLWA’s authorized bond limits. This bond will be supported by GLWA Board Resolution 2024-359, “Authorizing Publication of Notice of Intent to Issue Sewage Disposal System Revenue Bonds” in the amount of not to exceed \$300,000,000 was approved on November 21, 2024, and is the second series of sewer bonds from that Notice of Intent.

The calculation for this Series Ordinance represents a potential loan amount of \$63,664,685, which is the revised estimated project cost for qualifying SRF expenses based on current bid information. This amount, as shown on Attachment 1 Table 1, is based upon current estimated project costs plus a 10% contingency. The not-to-exceed (NTE) amount is also based on this revised project cost and includes a 10% loan financing contingency to allow for fluctuations in the final SRF award amount which is an acceptable practice.

The Total Project Cost and NTE calculation is summarized below with additional details in Attachment 1 Table 1.

Estimated SRF Project Cost:	\$57,876,986
Loan Financing Contingency:	<u>5,787,699</u>
Series Ordinance NTE amount:	\$63,664,685

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JUSTIFICATION

The approval of this series ordinance is the next formal step required by the GLWA Board in the bond issuance process. This proposed action authorizes the bonds to be issued. The SFE Pump Station project has an anticipated MFA Quarter 2.5 loan closing in May 2026 with MFA, and the bond will be supported by this series ordinance. The series ordinance sets forth the guidelines for CWSRF bonds, designates the bonds as 2026 SRF-2 and SRF-3 Junior Lien Bonds, and authorizes the CEO or CFO/Treasurer 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.

In addition to eligibility for CWSRF funds, GLWA was designated as an overburdened applicant that qualifies for a lower interest rate than a standard applicant. The current interest rate on a 20-year and 30-year loan for an overburdened applicant is 2.00%. Potential dollar savings are significant when compared to municipal bond interest rates in a market-based transaction. For example, the combined CWSRF loan amount for these projects is approximately \$64 million. Compared to an estimated market-based rate of 4.5%, potential interest savings on a 20-year loan would be approximately \$20 million and \$32 million for a 30-year loan. See Attachment 2 Table 1 for additional cost savings details.

Another program advantage is that interest costs are only incurred on the amount drawn from the loan as project expenditures are incurred. This results in additional debt service savings early in the term of the loan compared to market-based transactions. Further, use of SRF funding as Junior Lien does not impact GLWA debt reserve requirements.

BUDGET IMPACT

Interest payments are initiated following loan drawdowns and are anticipated to begin in October 2026. Estimates were included in the FY 2027 – FY 2028 biennial budget. Principal payments for debt service typically begin within three years of the loan closing or the close of the project and initiation of operations. This is anticipated to begin in October 2029 and will be included as part of the FY 2029 – FY 2030 biennial budget.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on February 27, 2026. The Audit Committee [*insert action taken*] the Board of Directors approve a resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$63,664,685

DRAFT for Audit Committee Review Only

(Ordinance 2026-01) for FY 2026 Clean Water State Revolving Fund Projects as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD beyond the terms outlined above as well as reimbursement of financing costs incurred.

Table 1: Series Ordinance Project Cost Totals and Not to Exceed (NTE) Calculation

	Pump Station No. 2 VFD Replacement (2026-SRF-2)	CSO Facility Improvements (2026-SRF-3)	Aggregate Total	10% Loan Contingency	Series Ordinance NTE Amount
SRF Funded					
Design & Engineering	2,203,070	2,393,689	4,596,759	459,676	5,056,435
Construction	38,789,412	14,330,218	53,119,630	5,311,963	58,431,593
Planning & Cost of Issuance	88,144	72,454	160,598	16,060	176,658
Sub-total SRF Funded	41,080,626	16,796,360	57,876,986	5,787,699	63,664,685
Costs Not Qualifying for SRF Funding					
Design & Construction	-	13,130,393	13,130,393		
Other	-	-	-		
Sub-total Not Qualifying	-	13,130,393	13,130,393		
Total Project Cost	41,080,626	29,926,753	71,007,379		

Note that the "Total Project Cost" is based on engineer's estimate. The 10% "Loan Contingency" is not included in the total project cost because it is a financing funding contingency for purposes of the series ordinance should additional funds be required during the life of the project.

Table 1: Potential Loan Savings Comparison – CWSRF versus Estimated Market Rate

Anticipated, combined CWSRF Loan Amount: \$64 million

20-year Loan Term	CWSRF Interest Rate*	Estimated Market Rate
Interest Rate	2.00%	4.50%
Total Debt Service Payments (rounded)	\$78 million	\$98 million
Potential Cost Savings (rounded)	\$20 million	

30-year Loan Term	CWSRF Interest Rate*	Estimated Market Rate
Interest Rate	2.00%	4.50%
Total Debt Service Payments (rounded)	\$85 million	\$117 million
Potential Cost Savings (rounded)	\$32 million	

Note:

*The CWSRF interest rate of 2.00% is for an overburdened applicant, which applies to GLWA.

GREAT LAKES WATER AUTHORITY
ORDINANCE NO. 2026-01

**SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF
SEWAGE DISPOSAL SYSTEM REVENUE BONDS IN
AN AGGREGATE AMOUNT NOT TO EXCEED \$63,664,685**

WHEREAS, pursuant to Resolution No. 2015-10-03 adopted by the Board of Directors of the Great Lakes Water Authority (the “Authority”) on October 7, 2015, the Authority Board approved and adopted Master Bond Ordinance No. 2015-02 (as subsequently amended through the date hereof, the “Ordinance”), which authorizes the issuance by the Authority of Sewage Disposal System Revenue Bonds; and

WHEREAS, the Ordinance authorizes the issuance of such Sewage Disposal System Revenue Bonds in one or more Series pursuant to a Series Ordinance authorizing the issuance and sale of such Series; and

WHEREAS, the Authority Board has determined that it is necessary to authorize at this time two or more Series of SRF Junior Lien Bonds (the “2026 SRF-2/3 Junior Lien Bonds”) to provide moneys to pay all or part of the costs of the hereinafter described repairs, extensions, enlargements and improvements to the Regional Sewer System identified in the Capital Improvement Program (the “2026 SRF-2 Project” and the “2026 SRF-3 Project, and collectively the “2026 SRF 2/3 Projects”).

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GREAT LAKES WATER AUTHORITY AS FOLLOWS:

Section 1. Authority for this Series Ordinance. This Series Ordinance (the “2026 SRF-2/3 Series Ordinance”) is adopted pursuant to Section 1102(1) of the Ordinance.

Section 2. Definitions. Except as otherwise provided in this 2026 SRF-2/3 Series Ordinance, all terms which are defined in Section 101 of the Ordinance shall have the same meanings, respectively, in this 2026 SRF-2/3 Series Ordinance as such terms are given in the Ordinance. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

(a) “2026 SRF-2 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2026 SRF-2/3 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2026 SRF-2 Project.

(b) “2026 SRF-3 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2026 SRF 2/3 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2026 SRF-3 Project.

(c) “2026 SRF-2/3 Junior Lien Bonds” means, collectively, the 2026 SRF-2 Junior Lien Bonds and the 2026 SRF-3 Junior Lien Bonds.

(d) “2026 SRF-2 Project” means improvements to the Regional Sewer System, consisting of improvements to Pump Station-2, including but not limited to replacing Variable Frequency Drives for five main lift pumps at Pump Station-2, supplying and installing five 1000 HP lift motors, and replacing four 160V electrical gear, including transformers, to power all eight main lift pumps, as well as all work and appurtenances necessary or incidental to such improvements.

(e) “2026 SRF-3 Project” means improvements to the Regional Sewer System, consisting of upgrading the screening and disinfection systems at the St. Aubin CSO Facility, implementing safety improvements at all nine CSO facilities, rehabilitating architectural features at all nine CSO facilities, and implementing controls upgrades at Baby Creek and Belle Isle facilities, as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(f) “2026 SRF-2/3 Projects” means, collectively, the 2026 SRF-2 Project and the 2026 SRF-3 Project.

(g) “Authorized Denomination” means any denomination as determined by an Authorized Officer in the Sale Order.

(h) “Authorized Officer” means either the Chief Executive Officer or the Chief Financial Officer.

(i) “Interest Payment Date” means except as otherwise set forth in the Sale Order each April 1 and October 1.

(j) “Maturity Date” means such dates of maturity of the 2026 SRF-2/3 Junior Lien Bonds as determined in the Sale Order.

(k) “MFA” means the Michigan Finance Authority.

(l) “Person” means any natural person, association, corporation, trust, partnership, joint venture, joint-stock company, municipal corporation, public body or other entity, however organized.

(m) “Project Costs” means, collectively, the Regional Sewer System Project Costs, Series 2026 SRF-2 and the Regional Sewer System Project Costs, Series 2026 SRF3.

(n) “Purchase Contract” means the Purchase Contract between the MFA and the Authority with respect to the purchase by the MFA and the sale by the Authority of a Series of the 2026 SRF-2/3 Junior Lien Bonds.

(o) “Regional Construction Fund, Series 2026 SRF-2” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2026 SRF-2/3 Series Ordinance relating to the construction of the 2026 SRF-2 Project to be paid with the proceeds of the 2026 SRF-2 Junior Lien Bonds.

(p) “Regional Construction Fund, Series 2026 SRF-3” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2026 SRF-2/3 Series Ordinance relating to the construction of the 2026 SRF-3 Project to be paid with the proceeds of the 2026 SRF-3 Junior Lien Bonds

(q) “Regional Sewer System Project Costs, Series 2026 SRF-2” means the costs of acquiring, constructing, equipping, installing and financing the 2026 SRF-2 Project, including Issuance Costs relating to the 2026 SRF-2 Junior Lien Bonds.

(r) “Regional Sewer System Project Costs, Series 2026 SRF-3” means the costs of acquiring, constructing, equipping, installing and financing the 2026 SRF-3 Project, including Issuance Costs relating to the 2026 SRF-3 Junior Lien Bonds.

(s) “Regular Record Date” means except as otherwise set forth in the Sale Order the fifteenth day of the calendar month immediately preceding an Interest Payment Date.

(t) “Sale Order” means any one or more Sale Orders of an Authorized Officer authorizing acts consistent with the Ordinance and this 2026 SRF-2/3 Series Ordinance necessary and appropriate to complete the sale, execution and delivery of the 2026 SRF-2/3 Junior Lien Bonds and to complete the other transactions contemplated herein.

(u) “Supplemental Agreement” means, collectively, (1) the Supplemental Agreement among the Authority, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, with respect to a Series of the 2026 SRF-2 Junior Lien Bonds; and (2) the Supplemental Agreement among the Authority, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, with respect to a Series of the 2026 SRF-3 Junior Lien Bonds.

(v) “Taxable 2026 SRF-2/3 Junior Lien Bonds” means any 2026 SRF-2/3 Junior Lien Bonds other than Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds.

(w) “Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds” means any 2026 SRF-2/3 Junior Lien Bonds that are Tax-Exempt Bonds.

Section 3. Approval of 2026 SRF-2/3 Projects.

(a) Approval of 2026 SRF-2 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Regional Sewer System to acquire, construct and undertake the 2026 SRF-2 Project, and the 2026 SRF-2 Project is hereby approved and accepted.

(b) Approval of 2026 SRF-3 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Regional Sewer System to acquire, construct and undertake the 2026 SRF-3 Project, and the 2026 SRF-3 Project is hereby approved and accepted.

Section 4. Estimated Cost and Period of Usefulness of 2026 SRF-2/3 Projects. The aggregate Project Costs are estimated by the Authority Board to not exceed \$71,007,379, and consist of the following:

(a) The Regional Sewer System Project Costs, Series 2026 SRF-2 are estimated by the Authority Board to not exceed \$41,080,626 and the Regional Sewer System Project Costs are hereby approved and confirmed. The period of usefulness of the 2026 SRF-2 Project is estimated to be not less than 30 years.

(b) The Regional Sewer System Project Costs, Series 2026 SRF-3 are estimated by the Authority Board to not exceed \$29,926,753 and the Regional Sewer System Project Costs, Series 2026 SRF-3 are hereby approved and confirmed. The period of usefulness of the 2026 SRF-3 Project is estimated to be not less than 30 years.

Section 5. Authorization of 2026 SRF-2/3 Junior Lien Bonds.

(a) Authorization of Borrowing.

(i) The Authority may borrow an amount not in excess of \$45,188,689, as is finally determined in the Sale Order, and issue the 2026 SRF-2 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2026 SRF-2 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2026 SRF-2 Junior Lien Bonds authorized in this Section 5(a) shall include the amount of the net original issue premium, if any.

(ii) The Authority may borrow an amount not in excess of \$18,475,996, as is finally determined in the Sale Order, and issue the 2026 SRF-3 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2026 SRF-3 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2026 SRF-3 Junior Lien Bonds authorized in this Section 5(b) shall include the amount of the net original issue premium, if any.

(b) Purpose of 2026 SRF-2/3 Junior Lien Bonds.

(i) The 2026 SRF-2 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Regional Sewer System Project Costs.

(ii) The 2026 SRF-3 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Regional Sewer System Project Costs.

(c) Priority of Lien. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be issued as SRF-2/3 Junior Lien Bonds.

(d) Insufficient Proceeds.

(i) To the extent that proceeds of SRF-2 Junior Lien Bonds are insufficient to pay Regional Sewer System Project Costs, the insufficiency shall be paid from the proceeds

of future Additional Bonds, if any, and/or moneys of the Regional Sewer System on hand and legally available therefor, as determined by the Authority Board.

(ii) To the extent that proceeds of SRF-3 Junior Lien Bonds are insufficient to pay Regional Sewer System Project Costs, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Regional Sewer System on hand and legally available therefor, as determined by the Authority Board.

(e) Separate Series. The 2026 SRF-2 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2026 SRF-3 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2026 SRF-2 Junior Lien Bonds and the 2026 SRF-3 Junior Lien Bonds shall be issued as separate Series.

(f) Taxable and Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds. Each Series of the 2026 SRF-2/3 Junior Lien Bonds may be issued as Taxable 2026 SRF-2/3 Junior Lien Bonds or Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds, or as separate subseries of both, as set forth in the applicable Sale Order.

(g) Source of Payment and Security. The 2026 SRF-2/3 Junior Lien Bonds shall be payable and secured as provided in Section 8.

(h) Applicability of Ordinance. Except as otherwise provided in this 2026 SRF-2/3 Series Ordinance or in the Sale Order, all of the provisions of the Ordinance shall apply to the 2026 SRF-2/3 Junior Lien Bonds as if set forth in full in this 2026 SRF-2/3 Series Ordinance, the purpose of this 2026 SRF-2/3 Series Ordinance being to supplement the Ordinance to authorize the issuance of 2026 SRF-2/3 Junior Lien Bonds for the purposes set forth herein.

Section 6. 2026 SRF-2/3 Junior Lien Bond Details.

(a) Designation.

- (1) The 2026 SRF-2 Junior Lien Bonds shall bear the designations Sewage Disposal System Revenue Bonds, Series 2026-SRF-2 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2026 SRF-2/3 Series Ordinance. The 2026 SRF-3 Junior Lien Bonds shall bear the designations Sewage Disposal System Revenue Bonds, Series 2026-SRF-3 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2026 SRF-2/3 Series Ordinance.
- (2) If any Series of the 2026 SRF-2/3 Junior Lien Bonds are not issued in 2026, an Authorized Officer is authorized in her discretion to re-designate the year and Series designation of such Series of 2026 SRF-2/3 Junior Lien Bonds and the various funds and accounts established hereunder to correspond

with the year of issuance of such Series of 2026 SRF-2/3 Junior Lien Bonds. Furthermore, an Authorized Officer is authorized to establish designations within the various funds and accounts established hereunder if necessary in order to differentiate such funds and accounts from other similarly named funds and accounts related to other Bonds.

(b) Numbering. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be numbered in such manner as shall be determined in the applicable Sale Order.

(c) Principal. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be issued in the form of Serial Bonds or Term Bonds, or any combination of Serial Bonds and Term Bonds, in any Authorized Denomination, and the principal thereof shall mature on October 1, or such other date as set forth in the Sale Order, in such years and amounts, and shall be or not be subject to redemption prior to maturity, all as shall be determined in the Sale Order subject to the following limitations:

- (1) No 2026 SRF-2/3 Junior Lien Bonds shall mature later than 40 years after the date of issuance thereof.
- (2) The 2026 SRF-2/3 Junior Lien Bonds shall only be issued with annual principal and interest installments permitted by the Ordinance, including Section 207 thereof.

(d) Interest. 2026 SRF-2/3 Junior Lien Bonds or portions thereof shall bear interest at a rate or rates as set forth in the Sale Order not in excess of 2.75% per annum. Interest on 2026 SRF-2/3 Junior Lien Bonds shall be payable on each Interest Payment Date.

(e) Payment of Principal and Interest. The principal of, premium, if any, and interest on the 2026 SRF-2/3 Junior Lien Bonds shall be payable in lawful money of the United States. Except as otherwise provided in the Sale Order, so long as the 2026 SRF-2/3 Junior Lien Bonds are owned by the MFA, the 2026 SRF-2/3 Junior Lien Bonds are payable as to principal, redemption premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Authority by the MFA (the MFA's Depository"), and the Authority agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on the 2026 SRF-2/3 Junior Lien Bonds in immediately available funds by 12:00 noon at least five Business Days prior to the date on which any such payment is due, whether by maturity, redemption or otherwise. If the 2026 SRF-2/3 Junior Lien Bonds are not registered in the name of the MFA, the principal of and premium, if any, on the 2026 SRF-2/3 Junior Lien Bonds are payable upon the surrender thereof at the corporate trust office of the Trustee and the interest is payable by check or draft drawn on the Trustee and mailed to the registered owners as of the immediately preceding Regular Record Date at their address shown on the registration books of the Authority maintained by the Trustee.

(f) Dating. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be dated such date as determined in the Sale Order.

(g) Reserve Requirement. There shall be no Reserve Requirement with respect to the 2026 SRF-2/3 Junior Lien Bonds.

(h) Exchange. The registered owner of any 2026 SRF-2/3 Junior Lien Bond may exchange such 2026 SRF-2/3 Junior Lien Bond for a new 2026 SRF-2/3 Junior Lien Bond or Bonds of the same interest rate, maturity and Priority of Lien in an equal aggregate principal amount in one or more of the Authorized Denominations by surrendering such 2026 SRF-2/3 Junior Lien Bond to be exchanged at the designated office of the Trustee together with an assignment duly executed by the registered owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. As provided in Section 206 of the Ordinance, the Trustee shall be responsible for the registration, transfer and exchange of 2026 SRF-2/3 Junior Lien Bonds and shall indicate its acceptance of such duties by a document filed with an Authorized Officer concurrently with the delivery of the 2026 SRF-2/3 Junior Lien Bonds.

(i) Execution and Delivery of 2026 SRF-2/3 Junior Lien Bonds. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be executed in the name of the Authority by manual or facsimile signature of the Chief Executive Officer of the Authority and countersigned by the manual or facsimile signature of the Secretary of the Authority Board, and shall have the Authority's seal or facsimile thereof affixed or printed thereon. The Chief Financial Officer is authorized to deliver the 2026 SRF-2/3 Junior Lien Bonds to the MFA upon receiving the purchase price therefor in lawful money of the United States.

(j) Form of 2026 SRF-2/3 Junior Lien Bonds. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be in substantially the following form, subject to such changes, additions or deletions as determined by the Chief Executive Officer within the parameters of this 2026 SRF-2/3 Series Ordinance:

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**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF MACOMB, OAKLAND AND WAYNE
GREAT LAKES WATER AUTHORITY
SEWAGE DISPOSAL SYSTEM REVENUE BOND,
SERIES 2026-SRF-__**

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: \$ _____

INTEREST RATE: _____%

ORIGINAL ISSUE DATE:

The Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan (the “Issuer”), upon authorization from the Board of Directors of the Issuer (the “Board”), has issued this Bond. The Issuer, for value received, promises to pay, in lawful money of the United States of America, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above, or so much thereof as shall have been advanced to the Issuer and not prepaid or reduced pursuant to a Purchase Contract between the Issuer and the Michigan Finance Authority (the “MFA”), a Supplemental Agreement by and among the Issuer, the MFA and State of Michigan acting through the Department of Environment, Great Lakes, and Energy, and the Order of Approval issued by the Department of Environment, Great Lakes, and Energy. The Principal Amount shall be payable on the dates and in the principal installments set forth in Schedule A attached hereto.

In the event less than the Principal Amount of this Bond is disbursed by the MFA, any portion of the Principal Amount is prepaid as provided herein, or any serial principal payment becomes due before the Issuer has received proceeds from corresponding purchased principal installments of at least a like amount, then the MFA may prepare a new serial principal installment repayment schedule which shall be presented to the Issuer and be effective upon receipt as provided in the Purchase Contract.

Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate set forth above, only on that portion of installments of the Principal Amount which have been disbursed by the MFA, shall be payable on _____, 202_ and semiannually on each April 1 and October 1 thereafter (each an “Interest Payment Date”).

If the MFA is not the registered owner of this Bond, principal of this Bond is payable upon presentation and surrender at the designated office of U.S. Bank Trust Company, National Association, as Trustee under the Ordinance (as defined below) or such other trustee as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any Interest Payment Date (the “Trustee”).

Interest on this Bond is payable to the registered owner of record as of the close of business on the 15th day of the month immediately preceding any Interest Payment Date as shown on the registration books kept by the Trustee by check or draft mailed by the Trustee to the registered owner at the registered address. Interest on this Bond shall be computed on the basis of a 360-day year comprised of twelve 30-day months. During the time funds are being drawn down by the Issuer under this Bond, the MFA will periodically provide the Issuer with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided, that no failure on the part of the MFA to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced [(subject to any principal forgiveness as provided for herein)], all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest that is two percent above the MFA's cost of providing funds (as determined by the MFA) to make payment on the bonds of the MFA issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the MFA has been fully reimbursed for all costs incurred by the MFA (as determined by the MFA) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MFA) the investment of amounts in the reserve account established by the MFA for the bonds of the MFA issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds that may be made available for such purpose) to pay the interest on outstanding bonds of the MFA issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the MFA) of such deficiency as additional interest on this bond.

Notwithstanding any other provision of this Bond, so long as the MFA is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the MFA (the "MFA's Depository"); (b) the Issuer agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the MFA's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the MFA as invoiced by the MFA an amount to recover the MFA's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the Issuer and received by the MFA's Depository at least 40 days prior to the date on which redemption is to be made.

This Bond is one of a series of bonds designated "Sewage Disposal System Revenue Bonds, Series 2026-SRF-__" and is issued pursuant to the provisions of (i) Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), (ii) Master Bond Ordinance No. 2015-02 adopted by the Board on October 7,

2015, as amended (the “Bond Ordinance”), (iii) the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed \$ _____, adopted by the Board on _____, 2026 (the “Series Ordinance”), and (iv) a Sale Order of the Chief Executive Officer of the Issuer dated _____, 2026 (the “Sale Order,” and, collectively with the Bond Ordinance and the Series Ordinance, the “Ordinance”). This Bond is issued for the purposes set forth in the Series Ordinance and the Sale Order.

For the prompt payment of the principal of and interest on this Bond, and other bonds issued by the Issuer pursuant to the Bond Ordinance, the Issuer has irrevocably pledged the Pledged Assets (as defined in the Bond Ordinance), which includes the revenues of the Sewer System (as defined in the Bond Ordinance), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Sewer System (the “Net Revenues”), and a statutory lien on the Net Revenues and Pledged Assets is hereby recognized and acknowledged. Such lien is a third lien, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first or second lien on the Pledged Assets. This Bond is of equal standing on a parity with all other obligations heretofore and hereafter issued or incurred under the Bond Ordinance and secured by a third lien on the Pledged Assets.

For a complete statement of the revenues from which and the conditions under which this Bond is payable, a statement of the conditions under which Additional Bonds (as defined in the Bond Ordinance) of senior or equal standing and Additional Bonds of junior standing may hereafter be issued and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Bond Ordinance.

This Bond is subject to redemption prior to maturity at the option of the Issuer and with the prior written consent of and upon such terms as may be required by the MFA. That portion of this Bond called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Trustee to redeem the same.

THIS BOND IS ISSUED UNDER ACT 233 AND ACT 94. IT IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE ISSUER AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN ANY CONSTITUTIONAL OR STATUTORY LIMITATION, BUT IS PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE PLEDGED ASSETS OF THE SEWER SYSTEM. THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY A STATUTORY LIEN ON THE PLEDGED ASSETS AS DESCRIBED HEREIN.

The Issuer has covenanted and agreed, and hereby covenants and agrees, to fix and maintain, or cause to be fixed and maintained, at all times while any bonds payable from the Pledged Assets of the Sewer System shall be outstanding, such rates for service furnished by the Sewer System as shall be sufficient to provide for payment of the interest upon and the principal of this Bond and all other Bonds (as defined in the Bond Ordinance) assumed or issued and to be issued under the Bond Ordinance as and when the same shall become due and payable, to create and maintain a bond redemption fund therefor, including a bond reserve for Bonds other than this Bond, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Sewer System as are necessary to preserve the same in good repair and

working order, and to provide for such other expenditures and funds for the Sewer System, all as are required by the Bond Ordinance.

This Bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds of the same type, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this Bond have been done and performed by regular and due time and form as required by law.

This Bond is not valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon has been executed by the Trustee.

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IN WITNESS WHEREOF, the Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan, has caused this Bond to be signed in its name by the facsimile signatures of its Chief Executive Officer and its Secretary of the Board, and a facsimile of its corporate seal to be printed, impressed or otherwise reproduced hereon, all as of the Original Issue Date.

GREAT LAKES WATER AUTHORITY

By: _____
Chief Executive Officer

Countersigned:

By: _____
Secretary, Board of Directors

[Seal]

CERTIFICATE OF AUTHENTICATION

This Bond is authenticated as the bond designated by the Issuer as “Sewage Disposal System Revenue Bond, Series 2026-SRF-___”.

U.S. Bank Trust Company, National Association,
Trustee

By:_____

Date of Authentication: _____, 2026

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ this Bond and all rights hereunder and hereby irrevocably appoints _____ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____
Signature _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

Schedule A

The principal amounts and maturity dates applicable to the Bond to which this Schedule A is attached are as follows:

<u>Date</u>	<u>Amount</u>
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Based on the schedule provided above unless revised as provided in this paragraph, repayment of the Principal Amount shall be made according to such schedule until the full Principal Amount disbursed to the Issuer is repaid; provided, however, that the Issuer shall have no obligation to repay any serial principal installment for which the Issuer did not receive a disbursement of Principal Amount by the date such serial principal installment is due. In the event the Order of Approval issued by the Department of Environment, Great Lakes, and Energy (the "Order") approves a principal amount of assistance less than the amount of this Bond, the MFA shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule described above provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the MFA or (3) of prepayment [or principal forgiveness] of the Bond, the MFA shall prepare a new payment schedule that shall be effective upon receipt by the Issuer.

END OF BOND FORM

Section 7. Concerning the Securities Depository.

(a) As used herein:

“Beneficial Owner” means any Person who indirectly owns 2026 SRF-2/3 Junior Lien Bonds pursuant to the indirect ownership system maintained by a securities depository (the “Securities Depository”) and its Participants, commonly known as the “Book-Entry Only System.”

“Participant” means any Person whose ownership of 2026 SRF-2/3 Junior Lien Bonds is shown on books of the Securities Depository.

(b) The 2026 SRF-2/3 Junior Lien Bonds will initially be registered in the name of the MFA, or such other purchasers as designated in the Sale Order. In the event 2026 SRF-2/3 Junior Lien Bonds are later to be registered in the name of a Securities Depository or its nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any Participant or to any Beneficial Owner with respect to any matter, including the following:

- (1) the accuracy of the records of the Securities Depository, its nominee or any Participant with respect to any ownership interest in 2026 SRF-2/3 Junior Lien Bonds,
- (2) the delivery to any Participant, Beneficial Owner or any other Person other than the Securities Depository of any notice with respect to: any 2026 SRF-2/3 Junior Lien Bonds, including any notice of redemption, or
- (3) the payment to any Participant, Beneficial Owner or any other Person, other than the Securities Depository of any amount with respect to the principal (and premium, if any) of or interest on any 2026 SRF-2/3 Junior Lien Bonds.

(c) The Trustee shall pay all principal (and premium, if any) of and interest on the 2026 SRF-2/3 Junior Lien Bonds only to or upon the order of the MFA, or the Securities Depository, as applicable, and all such payments shall be valid and effective fully to satisfy and discharge the Authority’s obligations with respect to the principal (and premium, if any) of, and interest on such 2026 SRF-2/3 Junior Lien Bonds to the extent of the sum or sums so paid.

(d) If 2026 SRF-2/3 Junior Lien Bonds become registered in the name of the Securities Depository and (1) the Authority receives a written notice from the Securities Depository to the effect the Securities Depository is unable or unwilling to discharge its responsibilities or (2) the Authority determines that it is in the best interests of the Beneficial Owners of 2026 SRF-2/3 Junior Lien Bonds that they be able to obtain 2026 SRF-2/3 Junior Lien Bonds in certificated form, then, in either event, the Authority shall notify the Trustee and, in the case of clause, (2), the Securities Depository.

(e) Upon discontinuance of the use of the Book-Entry Only System maintained by the Securities Depository, if any, pursuant to subsection (d), above and upon receipt of notice from the Securities Depository containing sufficient information, the Authority shall execute and the Trustee shall authenticate and deliver 2026 SRF-2/3 Junior Lien Bonds in certificated form to

Beneficial Owners in exchange for the beneficial interests of such Beneficial Owners in corresponding principal amounts and in any Authorized Denominations.

(f) Notwithstanding any other provision of this 2026 SRF-2/3 Series Ordinance to the contrary, so long as any 2026 SRF-2/3 Junior Lien Bond is registered in the name of the Securities Depository or its nominee:

- (1) all payments with respect to the principal, premium, if any, and interest on such 2026 SRF-2/3 Junior Lien Bond and all notices of redemption, tender and otherwise with respect to such 2026 SRF-2/3 Junior Lien Bond shall be made and given, respectively, to the Securities Depository as provided in the letter of representations from the Authority to the Securities Depository with respect to such 2026 SRF-2/3 Junior Lien Bonds or any master letter of representations from the Authority to the Securities Depository;
- (2) if less than all of the 2026 SRF-2/3 Junior Lien Bonds of the same type of any maturity are to be redeemed, then the particular 2026 SRF-2/3 Junior Lien Bonds or portions of 2026 SRF-2/3 Junior Lien Bonds of such type and maturity to be redeemed shall be selected by the Securities Depository in any such manner as the Securities Depository may determine;
- (3) all payments with respect to principal of the 2026 SRF-2/3 Junior Lien Bonds and premium, if any and interest on the 2026 SRF-2/3 Junior Lien Bonds shall be made in such manner as shall be prescribed by the Securities Depository; and
- (4) if a 2026 SRF-2/3 Junior Lien Bond is redeemed or tendered in part, then all amounts payable in respect of such redemption or tender shall be paid without presentation and surrender of such 2026 SRF-2/3 Junior Lien Bond pursuant to the procedures of the Securities Depository.

Section 8. Payment of 2026 SRF-2/3 Junior Lien Bonds; Confirmation of Statutory Lien.

(a) The 2026 SRF-2/3 Junior Lien Bonds and the interest thereon shall be payable solely from the Pledged Assets.

(b) To secure payment of the 2026 SRF-2/3 Junior Lien Bonds, the statutory lien upon the whole of the Pledged Assets established by Act 94 and the pledge created in Section 501 of the Ordinance is hereby confirmed in favor of the 2026 SRF-2/3 Junior Lien Bonds as follows: Such lien in favor of the 2026 SRF-2/3 Junior Lien Bonds shall be a statutory third lien on the Pledged Assets of equal standing and Priority of Lien with all issued, to be issued and outstanding SRF Junior Lien Bonds.

Section 9. Funds and Accounts; Flow of Funds. Except as otherwise provided in this 2026 SRF-2/3 Series Ordinance, all of the provisions relative to funds and accounts, their maintenance, the flow of funds and other details relative thereto, shall remain as specifically set forth in the Ordinance.

Section 10. Disposition of Proceeds.

(a) Disposition of Accrued Interest and Capitalized Interest. (1) From the proceeds of the sale of the 2026 SRF-2 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 SRF-2 Junior Lien Bonds and any capitalized interest on the 2026 SRF-2 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 SRF-2 Junior Lien Bonds.

(2) From the proceeds of the sale of the 2026 SRF-3 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 SRF-3 Junior Lien Bonds and any capitalized interest on the 2026 SRF-3 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 SRF-3 Junior Lien Bonds.

(b) Construction Fund. The balance of the proceeds of each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 11.

Section 11. Construction Fund.

(a) A subaccount of the Authority Regional Construction Account of the Construction Fund established by the Ordinance shall be established for the 2026 SRF-2 Junior Lien Bonds and designated the “Regional Construction Fund, Series 2026 SRF-2,” and shall be established and maintained as a separate depository account with a Custodian as designated by the Chief Financial Officer

(b) A subaccount of the Authority Regional Construction Account of the Construction Fund established by the Ordinance shall be established for the 2026 SRF-3 Junior Lien Bonds and designated the “Regional Construction Fund, Series 2026 SRF-3,” and shall be established and maintained as a separate depository account with a Custodian as designated by the Chief Financial Officer

(c) Moneys in the Regional Construction Fund, Series 2026 SRF-2 shall be applied solely to payment of Regional Sewer System Project Costs, Series 2026 SRF-2 (or to the reimbursement of Regional Sewer System Project Costs, Series 2026 SRF-2 paid by the Authority from other funds prior to the issuance of the 2026 SRF-2 Junior Lien Bonds).

(d) Moneys in the Regional Construction Fund, Series 2026 SRF-3 shall be applied solely to payment of Regional Sewer System Project Costs, Series 2026 SRF-3 (or to the reimbursement of Regional Sewer System Project Costs, Series 2026 SRF-3 paid by the Authority from other funds prior to the issuance of the 2026 SRF-3 Junior Lien Bonds).

(1) Payments or reimbursements for Regional Sewer System Project Costs for construction, either on account or otherwise, shall not be made unless the

registered engineer in charge of such work shall file with an Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that it was done in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.

(2) Payment or reimbursement for Regional Sewer System Project Costs consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to an Authorized Officer.

Section 12. Tax Covenant.

(a) The Authority hereby covenants and represents with the registered owners of the Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds, that so long as any of the Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds remain outstanding and unpaid as to either principal or interest, the Authority shall, to the extent permitted by law, take all actions within its control to maintain, and will refrain from taking any action which would impair, the exclusion of the interest on the Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds from gross income for federal income tax purposes under the Code.

(b) The actions referred to in subsection (a), above include, but are not limited to actions relating to any required rebate of arbitrage earnings and the expenditure and investment of proceeds of Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds and moneys deemed to be proceeds of Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds, and to prevent Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds from being or becoming “private activity bonds” as that term is used in the Code.

(c) Pursuant to Section 512(a) of the Ordinance, the Chief Financial Officer is hereby authorized to designate separate accounts in the Regional Construction Fund, Series 2026 SRF-2 and/or the Regional Construction Fund, Series 2026 SRF-3, if determined necessary and desirable, for administrative purposes and to better able the Authority to comply with tax covenants, including rebate covenants, relating to the 2026 SRF-2/3 Junior Lien Bonds in connection with maintaining the exclusion, if any, from gross income for federal income tax purposes of interest on the 2026 SRF-2/3 Junior Lien Bonds. The Authority Board acknowledges, further, in accordance with Section 514 of the Ordinance, the establishment of a Rebate Fund, under Section 502 of the Ordinance, which shall be maintained by the Trustee as a separate depository account, for the sole purpose of paying to the United States of America the amounts required to be rebated pursuant to the Code. In accordance with Section 514 of the Ordinance, the Authorized Officer is authorized to direct the Trustee to transfer to the Rebate Fund, an amount sufficient to make the amount on deposit in the Rebate Fund equal to 100% of the amount certified by the Authority as the amount required to be rebated to the United States pursuant to the Code as of the close of the bond year (as defined in the Code) for a related Series of Bonds. Such amount shall be certified by an Authorized Officer to the Trustee.

Section 13. Sale of 2026 SRF-2/3 Junior Lien Bonds; Purchase Contract; Expiration of Referendum Period.

(a) The 2026 SRF-2/3 Junior Lien Bonds shall be sold by negotiated sale to the MFA pursuant to a Purchase Contract in customary form with such changes thereto as an Authorized

Officer shall determine are in the best interests of the Authority, within the parameters established by this 2026 SRF-2/3 Series Ordinance. Such determination shall be conclusively established by the Authorized Officer's execution of the Purchase Contract to the MFA.

(b) The Authority Board hereby determines that the sale of the 2026 SRF-2/3 Junior Lien Bonds by negotiated sale as described in subsection (a) is in the best interests of the Authority and will allow the 2026 SRF-2/3 Junior Lien Bonds to receive a subsidized interest rate through participation in the MFA's State Revolving Fund Program.

(c) An Authorized Officer is authorized to accept, on behalf of the Authority, an offer from the MFA to purchase the 2026 SRF-2/3 Junior Lien Bonds subject to the following limitations:

- (1) The interest rate with respect to any Series of the 2026 SRF-2/3 Junior Lien Bonds shall not exceed 2.75%.
- (2) The aggregate purchaser's discount at which any Series of the 2026 SRF-2/3 Junior Lien Bonds shall be sold to the MFA shall not exceed 2.00%.

(d) An Authorized Officer shall confirm in the Sale Order that there was no petition meeting the requirements of Section 33 of Act 94 that was filed with the Secretary of the Authority Board within 45 days of the date of publication of the notice of intent to issue bonds with respect to the 2026 SRF-2/3 Junior Lien Bonds as required by Section 33 of Act 94.

Section 14. Delegation of Authority to and Authorization of Actions of Authorized Officers.

(a) An Authorized Officer shall make all determinations herein provided to be made in the Sale Order and shall make all such determinations in accordance with the best interests of the Authority within the parameters of this 2026 SRF-2/3 Series Ordinance.

(b) In addition to determinations authorized elsewhere in this 2026 SRF-2/3 Series Ordinance, an Authorized Officer shall determine the aggregate principal amount of 2026 SRF-2/3 Junior Lien Bonds to be issued, but not in excess of the aggregate principal amount authorized by this 2026 SRF-2/3 Series Ordinance, on the basis of her evaluation of the maximum amount of 2026 SRF-2/3 Junior Lien Bonds which can be sold, given anticipated interest rates and the revenue coverage requirements with respect to the 2026 SRF-2/3 Junior Lien Bonds and for any other reasons the Authorized Officer deems appropriate.

- (1) Such determination shall also include the redemption provisions for the 2026 SRF-2/3 Junior Lien Bonds.
- (2) An Authorized Officer shall also determine and establish, in accordance with this 2026 SRF-2/3 Series Ordinance, the maturities of each Series of the 2026 SRF-2/3 Junior Lien Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities.

(c) An Authorized Officer is authorized, if necessary, to file applications and to pay the related fees, if any, to the Michigan Department of Treasury at her discretion under Act 34 for one or more orders of approval to issue all or a portion of the 2026 SRF-2/3 Junior Lien Bonds, and such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the 2026 SRF-2/3 Junior Lien Bonds as authorized herein, and as required by the Michigan Department of Treasury or Act 34.

(d) An Authorized Officer shall determine in the Sale Order that the requirements set forth in Section 207 of the Ordinance with respect to the issuance of the 2026 SRF-2/3 Junior Lien Bonds as Additional Bonds have been satisfied.

(e) An Authorized Officer is hereby authorized and directed to do and perform any and all other acts and things with respect to the 2026 SRF-2/3 Junior Lien Bonds which are necessary or appropriate to carry into effect, consistent with the Ordinance and this 2026 SRF-2/3 Series Ordinance, the authorizations therein and herein contained including without limitation the securing of ratings by bond rating agencies, and the incurring of reasonable fees costs and expenses incidental to the foregoing, for and on behalf of the Authority.

Section 15. Advancement of Project Costs. At the direction of an Authorized Officer, the Authority may advance certain Project Costs from the Authority's funds prior to the issuance of the 2026 SRF-2/3 Junior Lien Bonds to the extent that such costs are expenditures appropriate for reimbursement under applicable law, including the Code in the case of Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds.

Section 16. Ratification. All determinations and decisions of an Authorized Officer heretofore taken with respect to the issuance and sale of the 2026 SRF-2/3 Junior Lien Bonds as permitted or required by the Ordinance or law are hereby ratified, confirmed and approved.

Section 17. Additional Authorization. The Chief Executive Officer, the Chief Financial Officer, the Chief Administrative and Compliance Officer and the General Counsel of the Authority, any such officials acting in an interim or acting capacity to such officers, their deputies and staff, or any of them, are hereby authorized to execute and deliver such certificates, Supplemental Agreements, other agreements, documents, instruments, opinions and other papers as may be deemed necessary or appropriate to complete the sale, execution and delivery of the 2026 SRF-2/3 Junior Lien Bonds and otherwise give effect to the transactions contemplated by this 2026 SRF-2/3 Series Ordinance, as determined by such officials executing and delivering the foregoing items.

Section 18. 2026 SRF-2/3 Series Ordinance a Contract. The provisions of this 2026 SRF-2/3 Series Ordinance shall constitute a contract between the Authority and each registered owner of an outstanding 2026 SRF-2/3 Junior Lien Bond.

Section 19. Professional Services.

(a) Dickinson Wright PLLC is hereby appointed as Bond Counsel for the 2026 SRF-2/3 Junior Lien Bonds, notwithstanding the periodic representation by Dickinson Wright PLLC in unrelated matters of other parties and potential parties to the issuance of the 2026 SRF-2/3 Junior Lien Bonds.

(b) PFM Financial Advisors LLC is hereby appointed as Financial Advisor for the 2026 SRF-2/3 Junior Lien Bonds, notwithstanding the periodic representation by PFM Financial Advisors LLC in unrelated matters of other parties and potential parties to the issuance of the 2026 SRF-2/3 Junior Lien Bonds.

(c) The fees and expenses of Dickinson Wright PLLC and PFM Financial Advisors LLC shall be payable as an Issuance Cost from the proceeds of the 2026 SRF-2/3 Junior Lien Bonds or other available funds.

(d) An Authorized Officer is authorized to engage financial and other consultants as she deems necessary or appropriate in connection with the sale, issuance and delivery of the 2026 SRF-2/3 Junior Lien Bonds and to pay the fees and expenses thereof from the proceeds of the 2026 SRF-2/3 Junior Lien Bonds or other available funds.

Section 20. Severability; Headings; and Conflict. If any section, paragraph, clause or provision of this 2026 SRF-2/3 Series Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this 2026 SRF-2/3 Series Ordinance. The section and paragraph headings in this 2026 SRF-2/3 Series Ordinance are furnished for convenience of reference only and shall not be considered to be part of this 2026 SRF-2/3 Series Ordinance.

Section 21. Publication and Recordation. This 2026 SRF-2/3 Series Ordinance shall be published in full in the Detroit Legal News, a newspaper of general circulation within the geographic boundaries of the Authority qualified under State law to publish legal notices, promptly after its adoption, and shall be maintained in the official records of the Authority and such recording authenticated by the signatures of the Chairperson and Secretary of the Authority Board.

Section 22. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2026 SRF-2/3 Series Ordinance are, to the extent of such conflict, repealed.

Section 23. Effective Date. This 2026 SRF-2/3 Series Ordinance shall be effective upon adoption.

Adopted and signed on the __ day of _____, 2026.

GREAT LAKES WATER AUTHORITY

Signed _____
Chairperson

Signed _____
Secretary

4924-6821-8250 v4 [63818-72]

Great Lakes Water Authority

Resolution 2026-066

RE: Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed \$63,664,685 Ordinance 2026-01

By Board Member: _____

Whereas There has been presented to the Board of Directors of the Great Lakes Water Authority (the “Authority”) an ordinance entitled “Series Ordinance Authorizing the Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed \$63,664,685” (the “2026 SRF-2/3 Series Ordinance”), which ordinance is a Series Ordinance as defined and described in Master Bond Ordinance No. 2015-02 adopted by the Board of Directors on October 7, 2015, as amended on December 9, 2015, January 27, 2016, August 10, 2016 and February 12, 2020.

Whereas The Articles of Incorporation of the Authority provide that at least 5 of the 6 members of the Authority Board must vote to approve the 2026 SRF-2/3 Series Ordinance.

Now, Therefore Be It:

Resolved That the 2026 SRF-2/3 Series Ordinance, in the form presented to this meeting, is approved and adopted, and the Chairperson and the Secretary are authorized to authenticate the 2026 SRF-2/3 Series Ordinance in the form approved; **And Be it Further**

Resolved That an affirmative vote of at least 5 members of the Authority Board is necessary for the passage of this Resolution.

Adopted by the Great Lakes Water Authority Board on: _____, 2026



Financial Services Audit Committee Communication

Date: February 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Nicolette N. Bateson, CPA, Chief Financial Officer & Treasurer

Re: CFO Report

Local Rate Setting Workshop

The Charges Outreach & Modeling team is working with Bridgeport Consulting and Willdan Financial Services to host a Financial Planning and Local Rate Setting Workshop via Zoom. A similar program was held in person last September and was very well received. Now that GLWA is winding down its charge setting cycle, many of our Member Partner communities are working on their budgets, financial plans, and related presentations. The timing of this workshop is set to support that effort. A copy of the agenda is attached.

CFO Services Engages in Government Finance Officers Association (GFOA) Committee Meetings

In late January, Deputy Chief Financial Officer Kim Garland engaged with colleagues across the country to participate in the Government Finance Officers Association (GFOA) standing committee meetings. Of the GFOA's 30,000 members, about 180 serve on standing committees focused on areas core to the organization's mission. These committees regularly meet throughout the year to address key issues and policy concerns within their area of focus, support GFOA training programs, and maintain best practice materials.

In January, as a member of the Debt Committee, Kim engaged in panel discussions with the Security and Exchange Commission (SEC) Office of Municipal Securities Director, the Municipal Securities Rulemaking Board, as well as various organizations supporting municipal finance. She also met with legislative staff from United States Senate to discuss public finance policy concerns related to the tax-exempt status of municipal bonds and tax-exempt advance refunding.

Affordability and Assistance Teams Joins Women on Water Event

In late January, GLWA team members, including the Affordability & Assistance team, joined other water professionals from around the state for the first American Water Works Association Women on Water (W.O.W.) event. This informal event gave the group the opportunity to network and meet new people while discussing successes as well as state-wide challenges in the sector. W.O.W.'s next event will be a virtual panel in March or April of this year.

**Financial Planning and Local Rate Setting Workshop
with Willdan Financial Services**



Meeting Agenda

March 4, 2026, 9:00 a.m. – 12:00 p.m.

Via Zoom

Desired Outcome:	
<ul style="list-style-type: none"> To strengthen participants' expertise in strategic financial planning and rate-setting to ensure the long-term operational and financial health of the region's water sector 	
9:00 a.m.	Welcome, Agenda Review, Opening Activity – Kerry Sheldon, Bridgeport
9:10 a.m.	Perspectives from a former City Administrator – Matt Lane, GLWA
9:15 a.m.	Foundations: The True Cost of Providing Water – Erik Johnson and Jeff McGarvey, Willdan <ul style="list-style-type: none"> Categorizing capital and operating costs to establish a strong financial foundation
9:35 a.m.	Forecasting and Capital Funding <ul style="list-style-type: none"> Aligning 5- to 20-year Master Plans with Capital Improvement Programs (CIP) to time major projects and rehabilitation
10:20 a.m.	10-minute break
10:30 a.m.	Cost-of-Service Allocation <ul style="list-style-type: none"> Functionalize expenses into categories to ensure equitable and legally defensible rates
11:15 a.m.	Rate Design and Growth Management <ul style="list-style-type: none"> Evaluate structures – uniform, block or seasonal – to balance financial solvency with customer affordability
11:50 a.m.	Wrap up and Adjourn – Kerry Sheldon, Bridgeport Consulting

GLWA

Great Lakes Water Authority



Monthly Financial Report Binder

November 2025

**Presented to the
Great Lakes Water Authority
Audit Committee on February 27, 2026**

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Key Financial Metrics

The table below provides key report highlights and flags the financial risk of a budget shortfall or need for year-end budget amendments as follows: No Risk (green) - Potential (yellow) - Likely (red)

Variations are monitored by the Great Lakes Water Authority (GLWA) management and operating and/or budget priorities are re-evaluated where appropriate. Amendments, if needed, are prepared no less than quarterly based on current information. GLWA staff has included first quarter budget amendments in this report as presented by the GLWA Board of Directors on January 28, 2026.

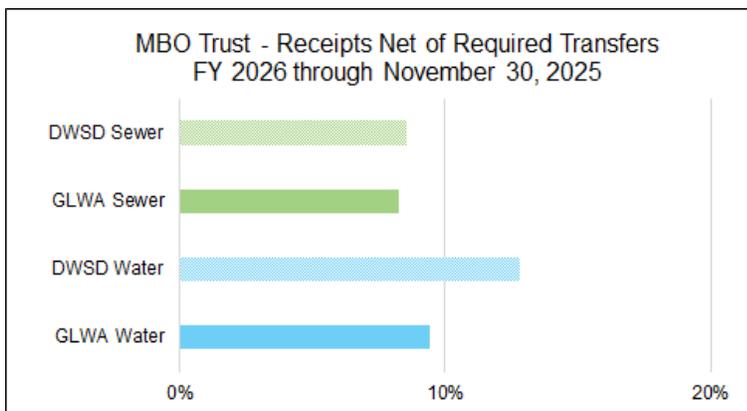
Investment earnings currently exceed the FY 2026 amended budget. However, looking ahead, this variance is expected to close over the remaining fiscal year as current investments continue to renew at lower interest rates most recently with the Federal Reserve rate decrease in December 2025.

Capital spending varies for both systems for different reasons. Water system under spending relates to delays in four projects as reported in a recent Key Performance Indicator Report (Legistar #2025-413). Sewer system capital spend is substantially above plan because of a recent increase in State Revolving Fund (SRF) loans awarded for projects that were approaching construction phase. In September 2025, GLWA was notified of 5 projects that received a total of \$232.7 million in funding.

As of November 30, 2025					
Metric	FY 2026 Budget	FY 2026 Amended Budget	FY 2026 Actual	Variance from Financial Plan	Report Page Reference
Wholesale Water Billed Revenue (\$M)	\$161.4	\$161.4	\$163.7	1%	50
Wholesale Water Billed Usage (mcf)	5,985,000	5,985,000	6,140,000	3%	
Wholesale Sewer Billed Revenue (\$M)	\$124.7	\$124.7	\$124.7	0%	52
Wholesale Water Operations & Maintenance (\$M)	\$76.0	\$76.6	\$79.4	4%	4
Wholesale Sewer Operations & Maintenance (\$M)	\$98.4	\$99.0	\$95.1	-4%	
Investment Income (\$M)	\$15.7	\$14.2	\$21.6	52%	39
Water Prorated Capital Spend w/SRA* (\$M)	\$76.0	\$76.0	\$42.0	-45%	30
Sewer Prorated Capital Spend w/SRA* (\$M)	\$73.0	\$73.0	\$99.0	36%	31

*SRA refers to the capital spending ratio assumption which allows capital program delivery realities to align with the financial plan.

Master Bond Ordinance (MBO) Trust Net Receipts (page 54)



Net cash flow receipts remain positive for GLWA and DWSD Water and Sewer. This means that all legal commitments of the MBO trust and the lease payment are fully funded – and that positive cash flow is available for additional capital program funding in subsequent year(s). DWSD water reports a surplus of \$7.8 million and DWSD sewer reports a surplus of \$12.1 million of net receipts over disbursements through November 2025.

Budget to Actual Analysis (page 3)

- The total revenue requirements are on target through November 2025.
- The total overall Operations & Maintenance expenses are 41.4% of budget through November 2025 which is slightly above the pro-rata benchmark of 41.7% but within a reasonable range.

Basic Financial Statements (page 10)

- The basic financial statements are prepared on a full accrual basis and reflect preliminary, unaudited results.
- Operating income for November 2025 is \$56.7 million for the Water fund (32.0% of total revenues) and \$66.8 million for the Sewage Disposal fund (30.3% of total revenues).
- Water net position increased by \$27.3 million, and sewage disposal net position increased by \$32.7 million for the year to date through November 2025.

Capital Improvement Plan Financial Summary (page 29)

- Water system costs incurred to date are below the 100% Capital Spend Ratio assumption.
- Sewer system costs incurred to date are above the 90% Capital Spend Ratio assumption.

Master Bond Ordinance Transfers (page 32)

- For November 2025, transfers of \$79.2 million and \$103.0 million were completed for the GLWA Water and Sewer funds, respectively.
- Also, for November 2025, transfers of \$30.1 million and \$36.5 million were completed for the DWSD Water and Sewer funds, respectively.

Cash Balances & Investment Income (page 39)

- Total cash & investments are \$716.0 million for Water and \$676.0 million in the Sewer fund.
- Total, combined, cumulative, FY 2026 investment income through November 2025 is \$21.6 million.

DWSD Retail Revenues, Receivables & Collections (page 43)

- Water usage through November 30, 2025 is 100.67% and revenues are 99.47% of budget.
- Sewer usage through November 30, 2025 is 97.10% and revenues are 97.11% of budget.
- Combined accounts receivable balances for the Water and Sewer funds report an increase of \$66.0 million over the prior year.
- Past due balances over 180 days make up 75.9% of the total accounts receivable balance. The current bad debt allowance covers 95.9% of past dues over 60 days.

GLWA Wholesale Billing, Receivables & Collections (page 49)

- GLWA accounts receivable past due balance net of Dearborn is 1.36% of the total accounts receivable balance. Discussions remain underway between GLWA and Dearborn regarding the water balance.
- Average wholesale water collections of \$29.5 million for the period of December 2024 through November 2025 are trending \$2.1 million above the prior year.
- Average wholesale sewer collections of \$24.3 million for the period of December 2024 through November 2025 are trending \$1.8 million above the prior year.

Questions? Contact the Office of the Chief Financial Officer & Treasurer at CFO@glwater.org.

The Monthly Budget to Actual Analysis report includes the following three sections.

1. Revenue Requirements Budget Basis Analysis
2. Operations & Maintenance Budget – Major Budget Categories
3. Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

Revenue Requirements Budget Basis Analysis

GLWA's annual revenue requirements represent the basis for calculating Member Partner charges and aligns with the Master Bond Ordinance flow of funds categories. The budget basis is not the same as the full accrual basis used for financial reporting although the revenues and operations and maintenance expenses are largely reported on an accrual basis. The primary difference between the revenue requirements budget basis to the financial reporting basis is the treatment of debt service, legacy pension obligations, and lease related activities. The Revenue Requirements Basis is foundational to GLWA's daily operations, financial plan, and of most interest to key stakeholders.

Table 1A – Water Revenue Requirements Budget and **Table 1B – Sewer Revenue Requirements Budget** presents a year-over-year budget to actual performance report. The revenue requirements budget is accounted for in the operations and maintenance fund for each system. The tables in this analysis reflect actual amounts spent. If this analysis was on a master bond ordinance (MBO) basis, like that used for calculating debt service coverage, O&M “expense” would equal the pro-rata budget because 1/12 of the O&M budget is transferred monthly outside the MBO trust to an O&M bank account. This report is for November 2025 therefore the pro-rata benchmark is 41.7% (5 of 12 months of the fiscal year).

Wholesale charges presented in Table 1A differ from those presented in *Table 2 – Statement of Revenues, Expenses and Changes in Net Position* found in the *Basic Financial Statement* section of this report. Water Revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly credit issued to the City of Flint for a license to raw water rights under the Flint Raw Water Contract as documented in Appendix A-2 of the [Flint Water Agreement](#). Through November 30, 2025, these payments total \$2.1 million for FY 2026.

Table 1A – Water Revenue Requirements Budget (year-over-year) – (\$000)

	FY 2025 Amended Budget	FY 2025 Activity Thru 11/30/2024	Percent Year-to- Date at 11/30/2024	FY 2026 Board Adopted Budget	FY 2026 Amended Budget	FY 2026 Activity Thru 11/30/2025	Percent Year-to- Date at 11/30/2025
Water System							
Revenues							
Wholesale Charges	\$ 347,758	\$ 149,259	42.9%	\$ 365,646	\$ 365,646	\$ 162,092	44.3%
Charges to Local System	27,095	11,290	41.7%	30,029	30,029	12,512	41.7%
Investment Earnings	15,818	6,858	43.4%	12,784	12,784	6,335	49.6%
Other Revenue	400	95	23.8%	303	303	384	126.9%
Total Revenues	\$ 391,071	167,502	42.8%	\$ 408,761	408,761	181,323	44.4%
Revenue Requirements							
Operations & Maintenance Expense	\$ 182,227	\$ 72,222	39.6%	\$ 182,456	\$ 183,909	\$ 79,390	43.2%
Debt Service	161,945	72,180	44.6%	179,082	177,686	74,618	42.0%
General Retirement System Pension	1,653	951	57.5%	2,731	2,731	1,138	41.7%
Water Residential Assistance Program Contribution	1,877	812	43.2%	1,970	1,970	821	41.7%
Extraordinary Repair & Replacement Deposit	2,650	-	0.0%	320	320	-	0.0%
Regional System Lease	22,500	9,375	41.7%	22,500	22,500	9,375	41.7%
Working Capital Requirement Improvement & Extension Fund Transfer Pending	4,956	-	0.0%	600	-	-	0.0%
	13,263	3,029	22.8%	19,102	19,645	7,959	40.5%
Total Revenue Requirements	\$ 391,071	158,569	40.5%	\$ 408,761	408,761	173,301	42.4%
Net Difference		\$ 8,933				\$ 8,022	
<i>Recap of Net Difference</i>							
<i>Revenue Variance</i>		\$ 4,556				\$ 11,005	
<i>Revenue Requirement Variance</i>		4,377				(2,983)	
<i>Net Difference</i>		\$ 8,933				\$ 8,022	

Table 1B – Sewer Revenue Requirements Budget (year-over-year) – (\$000)

Sewer System	FY 2025	FY 2025	Percent	FY 2026	FY 2026	FY 2026	Percent
	Amended Budget	Activity Thru 11/30/2024	Year-to- Date at 11/30/2024	Board Adopted Budget	Amended Budget	Activity Thru 11/30/2025	Year-to- Date at 11/30/2025
Revenues							
Wholesale Charges	\$ 287,387	\$ 119,992	41.8%	\$ 300,317	\$ 300,317	\$ 124,979	41.6%
Charges to Local System	205,925	85,802	41.7%	215,324	215,324	89,719	41.7%
Industrial Waste Control Charges	8,719	3,687	42.3%	9,150	9,150	3,878	42.4%
Pollutant Surcharges	5,434	1,861	34.3%	5,113	5,113	1,913	37.4%
Investment Earnings	20,605	9,408	45.7%	14,615	14,615	7,925	54.2%
Other Revenue	700	198	28.3%	443	443	174	39.4%
Total Revenues	\$ 528,770	220,949	41.8%	\$ 544,962	544,962	228,588	41.9%
Revenue Requirements							
Operations & Maintenance Expense	\$ 235,192	\$ 93,031	39.6%	\$ 236,099	\$ 237,552	\$ 95,134	40.0%
Debt Service	217,449	93,731	43.1%	220,885	216,274	92,035	42.6%
General Retirement System Pension	3,719	2,019	54.3%	5,633	5,633	2,347	41.7%
Water Residential Assistance Program Contribution	2,542	1,105	43.5%	2,639	2,639	1,099	41.7%
Extraordinary Repair & Replacement Deposit	276	-	0.0%	-	-	-	0.0%
Regional System Lease	27,500	11,458	41.7%	27,500	27,500	11,458	41.7%
Working Capital Requirement Improvement & Extension Fund Transfer Pending	-	-	0.0%	-	-	-	0.0%
	42,094	11,725	27.9%	52,208	55,365	21,753	39.3%
Total Revenue Requirements	\$ 528,770	213,070	40.3%	\$ 544,962	544,962	223,827	41.1%
Net Difference		\$ 7,879				\$ 4,761	
<i>Recap of Net Difference</i>							
<i>Revenue Variance</i>		\$ 628				\$ 1,520	
<i>Revenue Requirement Variance</i>		7,251				3,241	
<i>Net Difference</i>		\$ 7,879				\$ 4,761	

Items highlighted in gold on Tables 1A (Water) and 1B (Sewer) are discussed below.

Revenues

1. **Total Revenues:** For the *water* system, total revenues for FY 2026 are above the pro-rata benchmark; the *water* system is at 44.4%. For the *sewer* system, total revenues for FY 2026 are slightly above the pro-rata benchmark at 41.9%. Detailed schedules related to revenues are provided in the *Wholesale Billings, Collections, and Receivables* section of this financial report binder.
2. **Investment Earnings:** For the *water* system, investment earnings are above the pro-rata benchmark for FY 2026 at 49.6%. The *sewer* system is also above the pro-rata benchmark for FY 2026 at 54.2%. FY 2026 investment earnings are slightly lower than FY 2025 earnings due to the Federal Reserve moving monetary policy to a more neutral level. GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize investment income while meeting the objectives of safety and liquidity.
3. **Other Revenues:** These are one-time and unusual items that do not fit an established revenue category. Both the *water* and *sewer* systems' actual amount will vary from budget due to the nature of the items recorded in this category.

Revenue Requirements - The revenue requirements for *both* systems are funded on a 1/12th basis each month in accordance with the Master Bond Ordinance (MBO). An exception is the Extraordinary Repair & Replacement Fund deposit which is calculated based on minimum and maximum balance requirements set forth in the MBO and adjusted as needed to maintain compliance.

4. **Operations & Maintenance Expense:** Actual expenses for the *water* system are above the pro-rata benchmark for FY 2026 at 43.2%, and the *sewer* system O&M is below the pro-rata benchmark for FY 2026 at 40.0%.
5. **Debt Service:** For FY 2026, the *water* system is above the pro-rate benchmark at 42.0% and *sewer* system is also above the pro-rata benchmark at 42.6%. The activity is based on the debt payment schedules adjusted for the State Revolving Fund loans that are still being drawn down and may cause temporary variances pending realignment with budget.
6. **Working Capital Requirement / Net Difference:** The overall variance (net difference) reported represents the difference between revenues and revenue requirements. To the extent that there is a positive budget variance, staff perform a post-year end closing analysis. Based on this analysis and depending on working capital requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year.
7. **Improvement & Extension (I&E) Fund Transfer Pending:** The contribution to the I&E Fund is for improvements, enlargements, extensions, or betterment of the *water* and *sewer* systems.
8. **Total Revenue Requirements:** Total revenue requirements for the *water* system are above the pro-rata benchmark at 42.4%. Total revenue requirements for the *sewer* system are below the pro-rata benchmark at 41.1%.

Operations & Maintenance Budget – Major Budget Categories

The benchmark ratio as of November 30, 2025, is 41.7% (five months), with the total O&M budget just under the benchmark. When comparing FY 2026 to FY 2025 in **Table 2 – Operations & Maintenance Budget – Major Budget Categories**, the overall spending in FY 2026 is above FY 2025 for five months of operations, but still near the benchmark ratio.

In addition to the four major budget categories, an internal charge cost center for employee benefits is shown on the table below. If the number is positive, it indicates that the internal cost allocation rate charges to other cost centers is not sufficient. A negative number indicates a surplus in the internal cost center. A moderate surplus is preferred as it provides a hedge for mid-year benefit program cost adjustments (premiums adjust on January 1 each year) as well as managing risk as the program is partially self-insured.

Table 2 – Operations & Maintenance Budget – Major Budget Categories – (\$000)

Service Area	FY 2025	FY 2025	Percent	FY 2026	FY 2026	FY 2026	Percent
	Amended Budget	Activity Thru 11/30/2024	Year-to-Date at 11/30/2024	Board Adopted Budget	Amended Budget	Activity Thru 11/30/2025	Year-to-Date at 11/30/2025
A Water System Operations	\$ 94,398	\$ 41,092	43.5%	\$ 101,501	\$ 101,501	\$ 44,226	43.6%
B Wastewater System Operations	145,040	59,742	41.2%	156,573	156,573	63,060	40.3%
C Centralized Services	135,244	49,607	36.7%	117,388	120,248	46,578	38.7%
D Administrative & Other Services	42,737	14,957	35.0%	43,094	43,140	18,349	42.5%
Employee Benefits	-	(146)	-100.0%	-	-	2,310	100.0%
Total O&M Budget	\$ 417,419	\$ 165,253	39.6%	\$ 418,555	\$ 421,461	\$ 174,524	41.4%

Totals may be off due to rounding

Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The purpose of **Table 3 – Operations & Maintenance Expense Variance Analysis** is to evaluate whether the actual spend rate within an expense category is in alignment with the budget. Given the effort to develop an accurate budget, a variance is a red flag of a *potential* budget amendment or misalignment of priorities. This table includes both the water and sewage disposal funds.

Table 3 – Operations & Maintenance Expense Variance Analysis – (\$000)

Expense Categories	FY 2025	FY 2025	Percent	FY 2025	Percent	FY 2026	FY 2026	FY 2026	Percent	FY 2026
	AMENDED BUDGET	ACTIVITY THRU 11/30/2024	Year-to-Date at 11/30/2024	ACTIVITY THRU 6/30/2025	Year-to-Date at 6/30/2025	AMENDED BUDGET	PRORATED BUDGET (5 MONTHS)	ACTIVITY THRU 11/30/2025	Year-to-Date at 11/30/2025	Prorated Amended Budget Less FY 2026 Activity
Personnel Costs										
Salaries & Wages Workforce	\$ 85,807	\$ 33,323	38.8%	\$ 84,979	39.2%	\$ 91,087	\$ 37,953	\$ 40,567	44.5%	\$ (2,614)
Development	2,363	974	41.2%	2,811	34.7%	3,777	1,574	900	23.8%	674
Overtime	9,605	7,163	74.6%	10,125	70.7%	8,911	3,713	4,361	48.9%	(648)
Employee Benefits	32,244	12,853	39.9%	30,773	41.8%	31,867	13,278	14,477	45.4%	(1,198)
Transition Services	8,516	3,532	41.5%	8,195	43.1%	8,491	3,538	3,568	42.0%	(30)
Employee Benefits Fund	-	(146)	-100.0%	-	0.0%	-	-	2,310	100.0%	(2,310)
Total Personnel Costs	138,535	57,699	41.6%	136,883	42.2%	144,134	60,056	66,183	45.9%	(6,127)
Utilities										
Electric	48,121	20,917	43.5%	46,578	44.9%	51,308	21,378	18,475	36.0%	2,904
Gas	7,000	2,365	33.8%	7,661	30.9%	7,113	2,964	2,802	39.4%	161
Sewage Service	2,980	622	20.9%	2,400	25.9%	2,455	1,023	1,143	46.5%	(119)
Water Service	11,602	3,887	33.5%	10,420	37.3%	12,203	5,085	5,298	43.4%	(214)
Total Utilities	69,703	27,791	39.9%	67,059	41.4%	73,079	30,450	27,718	37.9%	2,731
Chemicals	38,235	14,043	36.7%	34,385	40.8%	37,189	15,495	13,416	36.1%	2,080
Supplies & Other	45,294	16,749	37.0%	45,727	36.6%	45,516	18,965	17,975	39.5%	990
Contractual Services	134,053	51,405	38.3%	128,153	40.1%	124,266	51,778	51,854	41.7%	(76)
Capital Program										
Allocation	(4,582)	(857)	18.7%	(2,901)	29.6%	(3,431)	(1,429)	(1,269)	37.0%	(160)
Shared Services	(2,280)	(945)	41.4%	(2,583)	36.6%	(2,264)	(943)	(1,353)	59.8%	409
Intergovernmental Agreement	(1,540)	(632)	41.1%	(1,565)	40.4%	-	-	-	0.0%	-
Unallocated Reserve	-	-	0.0%	-	0.0%	2,972	1,238	-	0.0%	1,238
Total Expenses	\$ 417,419	\$ 165,253	39.6%	\$ 405,160	40.8%	\$ 421,461	\$ 175,609	\$ 174,524	41.4%	\$ 1,085

Totals may be off due to rounding

Total Expenses: In total, the overall O&M expenses are 41.4%, which is below the pro-rata benchmark of 41.7%. The Table 3 expense category commentary is provided below.

Personnel Costs: The year-to-date total personnel costs through November 2025 are at 45.9%, which is above the pro-rata benchmark of 41.7%. Unallocated reserves include budgeted funds for annual wage adjustments that take effect in July each year that are unknown at the time the budget is adopted. These were allocated to personnel costs with the first quarter budget amendment. At the time this report is being prepared, new information has been obtained indicating that healthcare claims experience is increasing. In addition, vacant positions are being filled, which is also driving the need for a budget amendment related to the increase in personnel costs. An offset to these increases is a prescription benefit rebate of approximately \$1 million for the first six months of the fiscal year. GLWA staff will include these changes with the next budget amendments.

Utilities: The overall category is below with the pro-rata benchmark; coming in at 37.9% through November 2025. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is below the pro-rata benchmark, coming in at 36.0%. When compared to the prior fiscal year the year-to-date value represents an approximate \$2.4 million reduction. This is primarily due to a reduction in the Power Supply Cost Recovery (PSCR) charge. The first three months of GLWA's fiscal year (July, August, and November) are typically peak months for the usage of electricity. June, the last month of GLWA's fiscal year, is typically a peak month as well.
- **Gas** comes in at 39.4%, which is below the benchmark of 41.7%. Variances are primarily related to fluctuating costs.
- **Sewage service** is higher than the benchmark, coming in at 46.5%. This is largely due to a change in the utility billing timing requiring a cost recognition methodology update. This methodology update was implemented during the first quarter.
- **Water service** is higher than the benchmark, coming in at 43.4%. Like sewage service, this is largely due to a change in the utility billing timing requiring a cost recognition methodology update. This methodology update was implemented during the first quarter.

Chemicals: This category is lower than the benchmark; coming in at 36.1% through November 2025. Usage volumes for chemicals related to lead and copper rule compliance (that is, orthophosphate and ferric chloride) were lower than original estimates. Additionally, the moderate draught in Southeast Michigan resulted in a decrease in chemicals used to handle wet weather events (sodium hypochlorite).

Supplies & Other: This category is lower than the pro-rata benchmark; coming in at 39.5% through November 2025. Given that the nature of the items in this category, such as certain maintenance activities, are subject to one-time expenses that do not occur evenly throughout the year, variances are not unexpected.

Contractual Services: The overall category is aligned with the pro-rata benchmark; coming in at 41.7% through November 2025. Variances in this category, when they occur, are not unexpected as the usage of contracts varies throughout the year (projects scheduled to begin during the latter half of the year as well as contracts that are on an as needed basis). Budget amendments are processed for those projects in which the actual start dates have been delayed.

Capital Program Allocation: This category is lower than the benchmark; coming in at 37.0% through November 2025. The amount in the Capital Program Allocation account is shown as negative as this is a “contra” account which represents an offset to the Personnel Costs category.

Shared Services: This category is higher than benchmark; coming in at 59.8% through November 2025. The shared services reimbursement comprises both labor and expenses, such as annual fees for software licensing. Staff from both GLWA and DWSD have been working together to evaluate and refine the budget for the shared services agreements. Based on these evaluations, adjustments have been made to both the billings and accounting accruals to reflect the forecasted activity more accurately for FY 2026. In addition, it is important to note that some of the shared services agreements are not billed at a monthly rate of 1/12 of the annual budgeted amount and activity includes true-up billings from prior years. The amount in this account is shown as negative as this is a “contra” account which represents an offset to both the Personnel Costs and the Contractual Services categories.

Intergovernmental Agreements: This category did not have any activity through November 2025 and usually is not budgeted for in advance. As activity is incurred, budget amendments will be made to match the activity. The amount in this account is shown as negative as this is a “contra” account which represents an offset to the Contractual Services category.

The Basic Financial Statements report includes the following four tables.

1. Statement of Net Position - All Funds Combined
2. Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined
3. Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined
4. Supplemental Schedule of Nonoperating Expenses – All Funds Combined

At a macro level GLWA has two primary funds for financial reporting purposes: *Water Fund* and *Sewage Disposal Fund*. These funds represent the combined total of four sub-funds for each system that are used internally to properly account for sources and uses of funds. Those sub-funds for each system are: *Operations & Maintenance Fund*, *Improvement & Extension Fund*, *Construction Fund*, and *Capital Asset Fund*.

The June 2025 comparative amounts shown in the tables below are presented based on final audited figures.

Statement of Net Position – All Funds Combined

Explanatory notes follow the Statement of Net Position shown in Table 1 below.

**Table 1 – Statement of Net Position - All Funds Combined
 As of November 30, 2025
 (\$000)**

	Water	Sewage Disposal	Total Business- type Activities	Comparative June 30, 2025
Assets				
Cash - unrestricted (a)	\$ 195,451	\$ 279,596	\$ 475,047	\$ 435,531
Cash - restricted (a)	88,049	86,620	174,669	631,066
Investments - unrestricted (a)	139,316	140,903	280,218	219,969
Investments - restricted (a)	284,350	178,189	462,539	259,388
Accounts Receivable	87,892	72,013	159,905	163,009
Due from (to) Other Funds (b)	7,104	(7,104)	-	-
Other Assets (c)	610,580	361,749	972,329	977,212
Capital Assets, net of Depreciation	1,177,951	1,777,170	2,955,121	3,048,416
Land	293,624	126,816	420,440	420,440
Construction Work in Process (e)	589,105	592,645	1,181,750	1,039,383
Total assets	3,473,421	3,608,597	7,082,018	7,194,414
Deferred Outflows (f)	23,580	46,278	69,858	71,631
Liabilities				
Liabilities - Liabilities-ST	246,937	290,185	537,122	538,933
Other Liabilities (h)	2,394	6,095	8,489	7,500
Cash Held FBO DWSD (d)	35,479	48,573	84,053	57,578
Liabilities - Long-Term (i)	3,179,568	3,173,703	6,353,272	6,546,932
Total liabilities	3,464,378	3,518,557	6,982,935	7,150,943
Deferred Inflows (f)	81,629	91,592	173,221	179,444
Total net position (j)	\$ (49,006)	\$ 44,726	\$ (4,280)	\$ (64,342)

Totals may be off due to rounding

The Statement of Net Position reflects a maturing organization with an ongoing trend related to Net Position. The Authority's net position is a deficit but has been incrementally smaller each year. Please see note j below for further explanation.

Footnotes to Statement of Net Position

- a. *Cash and Investments* are reported at book value. Investments at June 30, 2025 are reported at market value. The November 30, 2025 values differ from the Cash and Investment section of this Financial Report Binder due to timing of certain items recognized on a cash versus accrual basis.
- b. *Due from Other Funds* and *Due to Other Funds* are shown at gross for sub-fund activity.
- c. *Other Assets* primarily consist of the contractual obligation receivable from DWSD related to reimbursement of bonded indebtedness for local system improvements.
- d. *Cash Held FBO Advance (for benefit of) DWSD* and *Cash Held FBO DWSD* represent the net difference between DWSD retail cash received from customers and net financial commitments as outlined in the Master Bond Ordinance.
- e. *Construction Work in Process* represents the beginning balance of CWIP plus any construction spending during the fiscal year. The balance will fluctuate based on the level of spend less any capitalizations or write-offs.
- f. *Deferred Inflow* and *Deferred Outflow* relate mainly to financing activity and GLWA's share of the legacy General Retirement System (GRS) pension obligation.
- g. *Liabilities - Short-term* include accounts payable, retainage payable, GASB 96 and certain accrued liabilities. Some items, such as compensated absences and worker's compensation, are reviewed periodically but only adjusted in the interim if there is a material change.
- h. *Other Liabilities* account for the cash receipts set aside for the Budget Stabilization Fund and the Water Residential Assistance Program.
- i. *Liabilities – Long-term* include bonds payable, lease payable, GASB 96 and legacy General Retirement System pension liabilities.
- j. *Net Position Deficit* is defined by accounting standards as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A net deficit occurs when the liabilities and deferred inflows exceed assets and deferred outflows. The Sewage Disposal fund has a positive net position as of June 30, 2025. The Water fund has a net deficit which is getting smaller each year. The net position deficit was largely driven by the deficit in the net investment in capital assets due to the valuation of the assets as of the operational effective date on January 1, 2016 resulting in high depreciation expense.

Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined

This statement, shown in Table 2, is presented in summary format. The accrual basis of revenues and operations and maintenance expense vary from the revenue requirement basis presented in the *Budget to Actual Analysis* and the *Wholesale Billings, Receivables & Collections* sections of the November 2025 Financial Report Binder. Prior year ending balances are provided in the June 30, 2025 column as a reference for comparative purposes. Explanatory notes follow this statement.

Water revenues presented below in Table 2 differ from those presented in *Table 1A – Water Revenue Requirement Budget* found in the *Budget to Actual Analysis* section of this report because water revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly payment to the City of Flint for a license to raw water rights.

**Table 2 – Statement of Revenues, Expenses and Changes in Net Position
– All Funds Combined
For the Five Months ended November 30, 2025
(\$000)**

	Water	Percent of Revenue	Sewage Disposal	Percent of Revenue	Total Business- Type Activities	Comparative June 30, 2025
Revenue						
Wholesale customer charges	\$ 164,162	92.7%	\$ 124,979	56.6%	\$ 289,141	\$ 636,667
Local system charges	12,512	7.1%	89,719	40.7%	102,231	233,020
Industrial waste charges	-	0.0%	3,878	1.8%	3,878	8,849
Pollutant surcharges	-	0.0%	1,913	0.9%	1,913	4,584
Other revenues	379	0.2%	174	0.1%	553	948
Total Revenues	177,053	100.0%	220,662	100.0%	397,715	884,068
Operating expenses						
Operations and Maintenance	79,279	44.8%	94,804	43.0%	174,083	402,118
Depreciation	38,932	22.0%	58,194	26.4%	97,126	242,487
Amortization of intangible assets	2,152	1.2%	850	0.4%	3,002	6,774
Total operating expenses	120,363	68.0%	153,847	69.7%	274,211	651,379
Operating Income	56,690	32.0%	66,814	30.3%	123,505	232,689
Total Nonoperating (revenue) expense	29,373	16.6%	34,070	15.4%	63,443	106,607
Increase/(Decrease) in Net Position	27,317	15.4%	32,745	14.8%	60,062	126,082
Net Position (deficit), beginning of year	(76,324)		11,981		(64,342)	(190,425)
Net position (deficit), end of year	\$ (49,006)		\$ 44,726		\$ (4,280)	\$ (64,342)

Totals may be off due to rounding

Water Fund

- ✓ The increase in Water Fund Net Position is \$27.3 million.
- ✓ Wholesale water customer charges of \$164.2 million account for 92.7% of Water System revenues.
- ✓ Operating expenses of \$120.4 million represent 68.0% of total operating revenue. Depreciation is the largest operating expense at \$38.9 million or 32.3% of operating expense.
- ✓ Amortization of intangible assets represents activity for raw water rights and subscription-based information technology arrangements (SBITA).
- ✓ Operating income after operating expenses (including depreciation) equals \$56.7 million or 32.0% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$40.5 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

Sewage Disposal Fund

- ✓ The increase in the Sewage Disposal Fund Net Position is \$32.7 million.
- ✓ Wholesale customer charges of \$125.0 million account for 56.6% of Sewer System revenues. Wholesale customer charges are billed one-twelfth each month based on an agreed-upon historical average “share” of each customer’s historical flows which are formally revisited on a periodic basis. The result is no revenue shortfall or overestimation.
- ✓ Local system (DWSD) charges of \$89.7 million account for 40.7% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of \$153.8 million represent 69.7% of total operating revenue. Depreciation is the largest operating expense at \$58.2 million or 37.8% of total operating expense.
- ✓ Amortization of intangible assets represents activity for a warehouse lease and subscription-based information technology arrangements (SBITA).
- ✓ Operating income after operating expenses (including depreciation) equals \$66.8 million or 30.3% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$42.2 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined

This Supplemental Schedule of Operations & Maintenance Expenses (O&M) schedule is shown below in Table 3. This accrual basis of operations and maintenance expense may vary from the revenue requirement basis presented in the *Budget to Actual Analysis* section of the November 2025 Financial Report Binder. Explanatory notes follow this schedule.

**Table 3 – Supplemental Schedule of Operations & Maintenance Expenses
– All Funds Combined
For the Five Months ended November 30, 2025
(\$000)**

	Water	Percent of Total	Sewage Disposal	Percent of Total	Total Business- Type Activities	Percent of Total
Operating Expenses						
Personnel						
Salaries & Wages	15,529	19.6%	29,506	31.1%	45,035	25.9%
Overtime	2,883	3.6%	1,479	1.6%	4,361	2.5%
Employee Benefits	12,580	15.9%	4,206	4.4%	16,786	9.6%
Total Personnel	\$ 30,992	39.1%	\$ 35,191	37.1%	\$ 66,183	38.0%
Utilities						
Electric	12,337	15.6%	6,138	6.5%	18,475	10.6%
Gas	115	0.1%	2,687	2.8%	2,802	1.6%
Sewage	437	0.6%	705	0.7%	1,143	0.7%
Water	2	0.0%	5,297	5.6%	5,298	3.0%
Total Utilities	\$ 12,891	16.3%	\$ 14,827	15.6%	\$ 27,718	15.9%
Chemicals	5,702	7.2%	7,714	8.1%	13,416	7.7%
Supplies and other	6,435	8.1%	11,314	11.9%	17,749	10.2%
Contractual services	24,933	31.4%	26,707	28.2%	51,640	29.7%
Capital Program allocation	(834)	-1.1%	(435)	-0.5%	(1,269)	-0.7%
Intergovernmental Agreement	-	0.0%	(1)	0.0%	(1)	0.0%
Shared Services allocation	(839)	-1.1%	(514)	-0.5%	(1,353)	-0.8%
Operations and Maintenance Expenses	\$ 79,279	100.0%	\$ 94,804	100.0%	\$ 174,083	100.0%

Totals may be off due to rounding

- ✓ Core expenses for water and sewage disposal systems are utilities (15.9% of total O&M expenses) and chemicals (7.7% of total O&M expenses).
- ✓ Personnel costs (38.0% of total O&M expenses) include all salaries, wages, and benefits for employees as well as staff augmentation contracts that fill a vacant position (contractual transition services).
- ✓ Contractual services (29.7%) includes:
 - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately \$4.9 million);
 - Sewage Disposal System costs for the operation and maintenance of the biosolids dryer facility (approximately \$7.6 million); and
 - Centralized and administrative contractual costs allocated to both systems for information technology, building maintenance, field, planning and other services.
- ✓ The Capital Program Allocation, Intergovernmental Agreement and Shared Services Allocation are shown as negative amounts because they are 'contra' expense accounts representing offsets to associated costs in other Operations and Maintenance expense categories.

Supplemental Schedule of Nonoperating Expenses – All Funds Combined

The Supplemental Schedule of Nonoperating Expenses – All Funds Combined is shown in Table 4. Explanatory notes follow this schedule.

**Table 4 – Supplemental Schedule of Nonoperating Expenses – All Funds Combined
For the Five Months ended November 30, 2025**

	Water	Sewage Disposal	Total Business-type Activities	Comparative June 30, 2025
Nonoperating (Revenue)/Expense				
Interest income contractual obligation	\$ (9,278)	\$ (5,998)	\$ (15,276)	\$ (38,291)
Investment earnings	(9,102)	(8,666)	(17,767)	(47,263)
Net (incr) decr in fair value of invstmt	(49)	(78)	(127)	(1,532)
Other nonoperating revenue	34	(3,777)	(3,743)	(18,212)
Interest Expense				
Bonded debt	49,777	48,237	98,014	230,256
Lease obligation	6,714	8,206	14,919	36,218
Other obligations	1,029	635	1,664	5,033
	<u>57,520</u>	<u>57,077</u>	<u>114,597</u>	<u>271,507</u>
Capital Contribution	(298)	(772)	(1,070)	(40,693)
Amortization, issuance costs, debt	(9,787)	(4,183)	(13,970)	(25,936)
(Gain) loss on disposal of capital assets	(22)	(11)	(33)	172
Water Residential Assistance Program	356	476	832	3,828
Legacy pension expense	-	-	-	3,026
Total Nonoperating (Revenue)/Expense	\$ 29,373	\$ 34,070	\$ 63,443	\$ 106,607

Totals may be off due to rounding

- ✓ Interest income on contractual obligation relates to the portion of the total GLWA debt obligation attributable to DWSD. This interest income offsets the total debt interest expense paid by GLWA on behalf of both entities monthly.
- ✓ Investment earnings in this report are reflected at book value. Any differences between the Basic Financial report and Cash and Investment section of this Financial Report binder are due to accrued interest.
- ✓ Net (increase) decrease in fair value of investments consists of market value of investments and realized gain/loss on sale of investments. FY 2024 market value adjustments for Water and Sewer total \$621 thousand and \$1.0 million, respectively. FY 2025 market value adjustments for Water and Sewer total \$49 thousand and \$78 thousand, respectively. Any difference is due to realized gain or loss on investments.

- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
 - Bonded debt;
 - Lease obligation for the regional assets from the City of Detroit; and
 - Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to assumed DWSD liabilities; acquisition of raw water rights related to the KWA Pipeline.
- ✓ FY 2025 other non-operating income consists of debt forgiveness for the Sewage Disposal system. FY2026 other non-operating income primarily consists of \$3.7 million of debt forgiveness for the Sewage Disposal system.
- ✓ The FY 2026 and FY 2025 amortization, issuance costs, debt, is related to the amortization of bond premiums and defeasance of debt.
- ✓ The FY 2025 capital contribution in Nonoperating (revenue) expense represents ARPA (\$2.8 million) grant revenue for the Water system and (\$15.2 million) grant revenue and (\$22.1 million) contribution from the Oakland Macomb Interceptor Drainage District (OMIDD) for the Sewage Disposal system. The FY 2026 capital contribution in Nonoperating (revenue) expense represents ARPA (\$298 thousand) grant revenue for the Water system and (\$772 thousand) contribution from the Oakland Macomb Interceptor Drainage District (OMIDD) for the Sewage Disposal system.

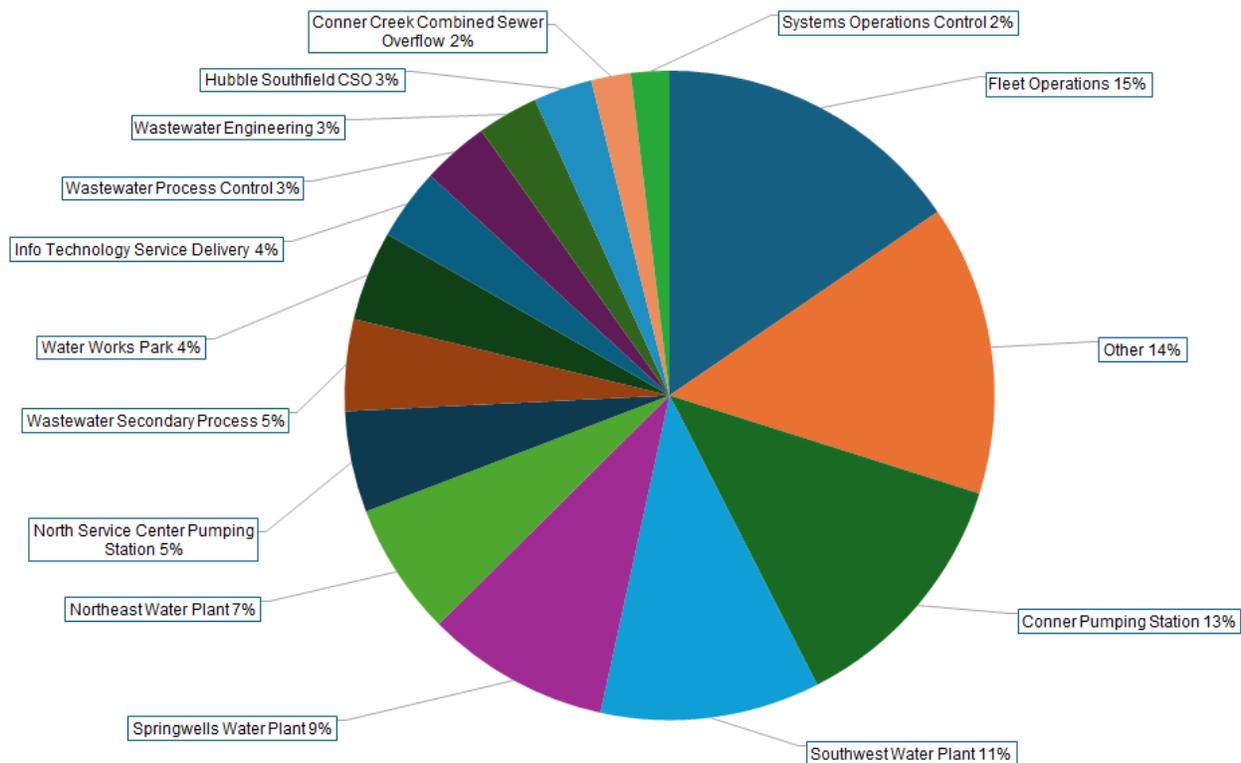
Financial Activity Charts

Chart 1 – Capital Outlay – Water and Sewer System Combined

Capital Outlay represents purchases of equipment, software, and small facility improvement projects. It *excludes* any capital investment which is included in the monthly construction work-in-progress report related to the Capital Improvement Program. Some items span several months so the entire cost may not have been incurred yet. In addition, items are capitalized only if they meet GLWA’s capitalization policy.

Through November 30, 2025, total capital outlay spend is \$6.1 million. Following this chart is a sample list of projects and purchases from the total spend of \$6.1 million.

Capital Outlay Expense by Cost Center as of November 30, 2025



Note: Due to rounding totals may not equal 100%.

Water Operations: Steam generator replacement (\$517k); Springwells low lift modernization (\$327k); low lift elevator (\$321k); North Service Center variable frequency drive (\$270k); Springwells ovation power supply upgrade (\$82k); Adams

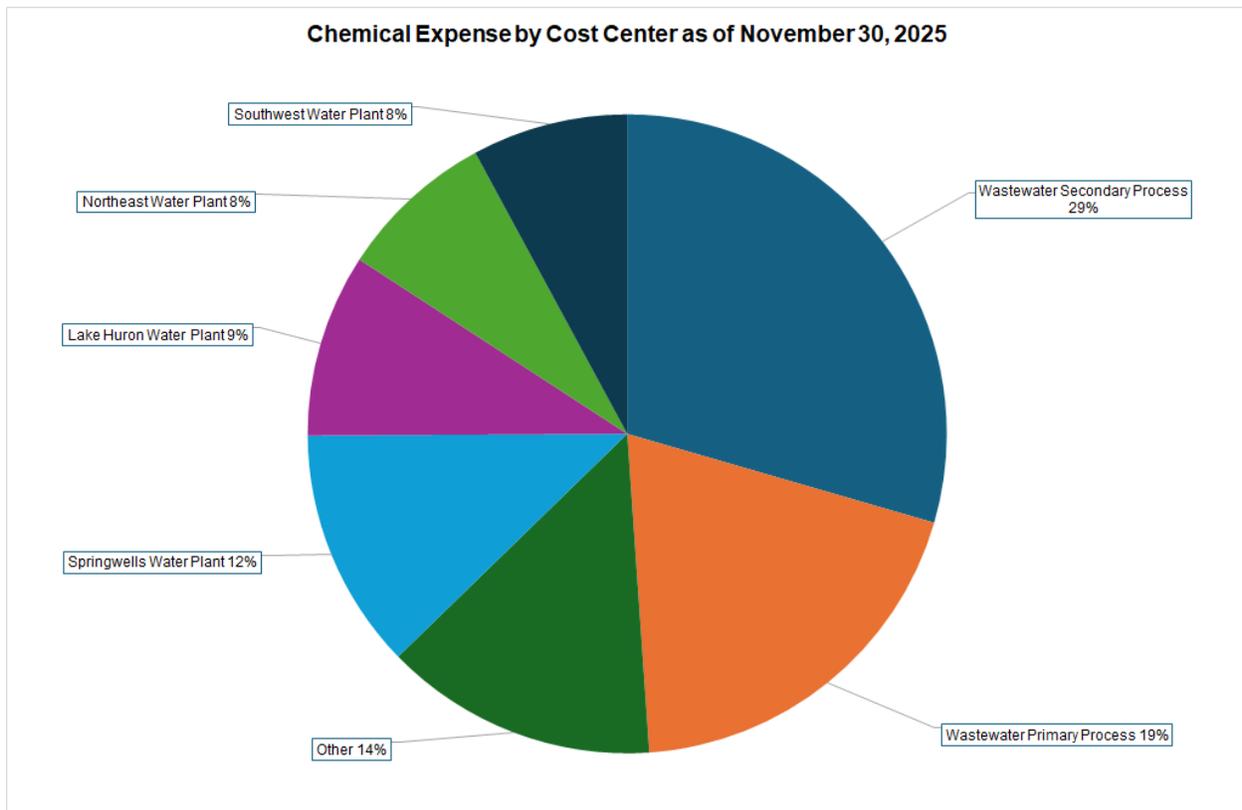
Road Pumping Station fire protection system (\$79k) and Southwest Water Plant kitchen remodel (\$76k).

Wastewater Operations: Conner Creek elevator maintenance (\$431k); WRRF fire detection system (\$298k); ovation upgrade and cabinet replacement (\$288k); Conner Pumping Station priming level switch addition (\$263k); ferric chloride buffering pilot (\$228k); WRRF incinerator freight elevator (\$186k); Hubble Southfield CSO proximity switches (\$122k); ID fan power cells (\$112k); Connor Creek rotork gate actuator (98k); scum hopper pump (\$78k) and WRRF and CSO process camera (\$74k).

Centralized & Administrative Facilities: Trucks and vehicles (\$825k); computer hardware and software (\$288k); Polaris UTV (\$112k) and permanent easement (\$98k).

Chart 2 – Chemical Expenses – Water and Sewer System Combined

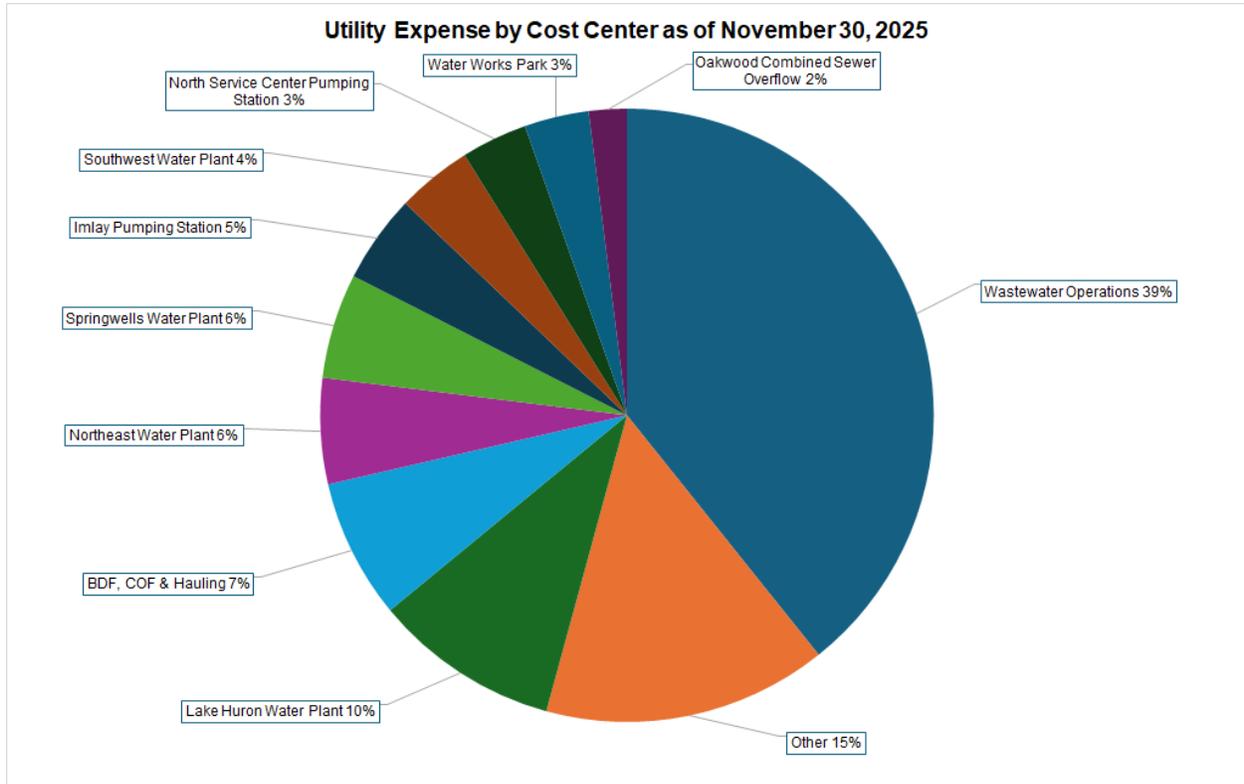
Chemical expenses are \$13.4 million through November 30, 2025. The allocation is shown in the chart below and remains consistent with prior periods.



Note: Due to rounding totals may not equal 100%.

Chart 3 – Utility Expenses – Water and Sewer System Combined

Utility expenses are \$27.7 million through November 30, 2025. The allocation is shown in the chart below and consistent with prior periods.



Note: Due to rounding totals may not equal 100%.

Financial Operations KPI

This key performance indicator shown in **Chart 1 – Bank Reconciliation Completion Status** below provides a measure of the progress made in the month-end close process which includes bank reconciliations with a completed status at month end. Through November 30, 2025, all bank accounts are reconciled.

Chart 1 – Bank Reconciliation Completion Status

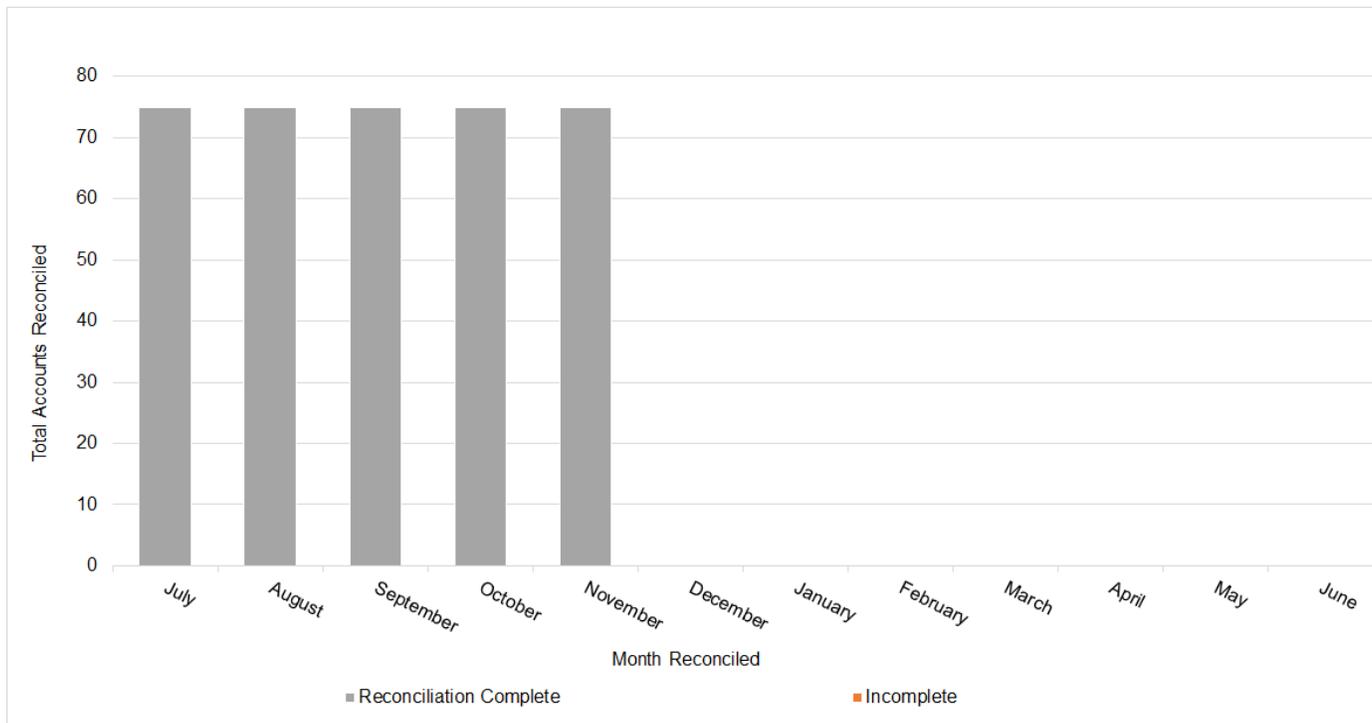


Table 1 – Fiscal Year 2026 GL Cash Account Roll-forward

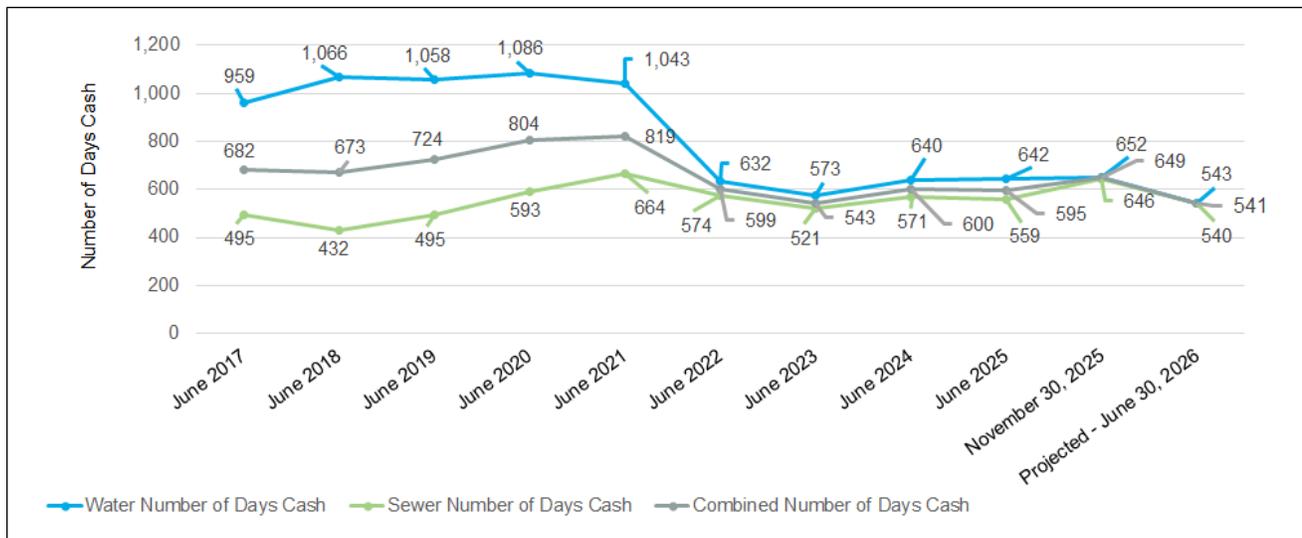
Total GL Cash accounts as of November 1, 2025	75
New GL Cash accounts since November 1, 2025	0
Inactivated GL Cash accounts since November 1, 2025	0
Total GL Cash accounts as of November 30, 2025	75

Financial Operations KPI - Liquidity

This key performance indicator shown in **Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System** and **Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System** below provides a measure of a utility’s ability to meet expenses, cope with emergencies and navigate business interruptions. Liquidity is one of several key metrics monitored by bond rating agencies reflecting an organization’s financial strength. The Authority’s current goal is to maintain cash on hand above 500 days moving up to 600 days. Having a strong days cash has been instrumental in reaching our current bond credit rating.

Both GLWA Water and Sewer funds continue to exceed this target with Water at 652 and Sewer at 646 days cash on hand as of November 30, 2025. These balances remain strong for the regional system but did decrease in FY 2022 as I&E funds were used as planned to fund capital improvement projects. December 2023 and June 2025 revenue bond transactions replenished the construction bond funds reducing the emphasis on I&E funding. The FY 2026 projection is calculated based on values from the GLWA FY 2026 – 2030 Budget & Five-Year Plan.

Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System



Note: The GLWA Annual Comprehensive Financial Reports are the source of all historic data referenced. Refer to these reports for detailed calculations by fiscal year.

Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System

	June 30, 2025	November 30, 2025	Projected June 30, 2026
Water Fund			
Cash and Investments - Unrestricted	306,425,000	334,767,000	278,800,000
Operating Expense			
Operating Expense (a)	274,020,000	122,198,000	293,276,000
Less: Depreciation (a)	(94,928,000)	(42,597,000)	(102,233,000)
Less: Amortization of Intangible Asset (a)	(4,951,000)	(1,486,000)	(3,567,000)
Net Operating Expense	174,142,000	78,115,000	187,476,000
Operating Expense per Day	477,000	514,000	514,000
Days Cash			
Number of Days Cash	642	652	543
Sewage Disposal Fund			
Cash and Investments - Unrestricted	349,076,000	420,498,000	351,600,000
Operating Expense			
Operating Expense (a)	377,359,000	162,313,000	389,552,000
Less: Depreciation (a)	(147,559,000)	(63,333,000)	(152,000,000)
Less: Amortization of Intangible Asset (a)	(1,824,000)	-	-
Net Operating Expense	227,976,000	98,980,000	237,552,000
Operating Expense per Day	625,000	651,000	651,000
Days Cash			
Number of Days Cash	559	646	540
Combined			
Cash and Investments - Unrestricted	655,501,000	755,265,000	630,400,000
Operating Expense			
Operating Expense (a)	651,379,000	284,512,000	682,828,000
Less: Depreciation (a)	(242,487,000)	(105,931,000)	(254,233,000)
Less: Amortization of Intangible Asset (a)	(6,774,000)	(1,486,000)	(3,567,000)
Net Operating Expense	402,118,000	177,095,000	425,028,000
Operating Expense per Day	1,102,000	1,164,000	1,164,000
Days Cash			
Number of Days Cash	595	649	541
<i>Totals may be off due to rounding</i>			

(a) Current year expenses are expressed as a proration of the annual budget for the purposes of this metric.

The monthly Budget to Financial Statements Crosswalk includes the following.

1. Crosswalk Budget Basis to Financial Reporting Basis
2. Explanatory Notes for Crosswalk

Purpose for Crosswalk: The Great Lakes Water Authority establishes a “Revenue Requirements” budget for the purposes of establishing charges for services. The financial report is prepared in accordance with Generally Accepted Accounting Policies for enterprise funds of a local government. Because the budget and the financial statements are prepared using different basis of accounting, the crosswalk reconciles the “Net Difference” to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in the monthly Financial Report.

The Authority has a Water Master Bond Ordinance and a Sewer Master Bond Ordinance (MBO). The Ordinances provide additional security for payment of the bonds. All revenues of the system are deposited into Revenue Receipts Funds which are held in trust by a trustee. The cash is moved to multiple bank accounts monthly based on 1/12th of the budget as defined in the MBO (“the flow of funds”) for all revenue requirements except for the Debt Service monthly transfer. The Debt Service monthly requirement is computed by the trustee, U.S. Bank. The cash transfer for debt is net of investment earnings that remain in the debt service accounts to be used for debt service.

The budget is prepared on a modified cash basis. The revenue requirements are determined based upon the cash needed to meet the financial commitments as required by the Master Bond Ordinance.

- Operation & Maintenance (O&M) expenses are reported on an accrual basis
- B&C notes obligation is reported on a cash basis
- Debt Service Allocation is reported on a cash set aside basis to provide the cash for the debt payments on the due dates
- Lease payments are reported on a cash basis
- Water Residential Assistance Program are based on a percentage of budgeted revenue
- Regional System Improvement & Extension Fund Allocation are reported on a cash basis

Budget: In Table 1A and Table 1B of the Budget to Actual Analysis the ‘Revenues’ section is the accrual basis revenues that are available to meet the ‘Revenue Requirements’. The ‘Revenue Requirements’ section budget column indicates the annual cash transfers to be made.

Financial Reporting: The Authority’s financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Authority maintains its records on the accrual basis of accounting to conform to GAAP. Revenues from operations, investments and other sources are recorded when earned. Expenses (including depreciation) are recorded when incurred.

Table 1 – Crosswalk Budget Basis to Financial Reporting Basis provides a reconciliation of the “Net Difference” in Table 1A and Table 1B in the Budget to Actual Analysis report to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in this monthly Financial Report. Explanatory notes follow the Crosswalk shown in Table 1 below.

**Table 1 – Crosswalk Budget Basis to Financial Reporting Basis (\$000)
 For the Five Months Ended November 30, 2025**

	Water	Sewer	Total
Net Revenue Requirement Budget Variance (a)	\$ 8,022	4,761	\$ 12,783
Budgetary categories adjustments to financial reporting basis			
Pension delayed accounting election adjustments			
Current year pension transfers/payments recorded as deferral (c)	462	827	1,289
Debt service (f)	34,119	49,796	83,915
Accelerated pension B&C notes obligation portion (g)	423	951	1,374
Regional System lease (h)	2,661	3,252	5,913
GASB 87 & GASB 96 adjustments (h)	83	263	347
WRAP (i)	465	623	1,088
Extraordinary Repair & Replacement Fund transfers (j)	-	-	-
Improvement & Extension Fund transfers (j)	7,959	21,753	29,712
Nonbudgeted financial reporting categories adjustments			
Depreciation and amortization (k)	(41,084)	(59,044)	(100,128)
Amortization - debt related (k)	9,787	4,183	13,970
Other nonoperating income (k)	(39)	3,776	3,737
Other nonoperating expense (k)	-	-	-
Gain(loss) on disposal of capital assets (k)	22	11	33
Raw water rights obligation (l)	1,323	-	1,323
Investment earnings for construction fund (m)	2,766	743	3,509
Other	-	-	-
Investment earnings unrealized gain/loss (n)	49	78	127
Improvement & extension fund operating expenses (o)	-	-	-
Capital Contribution (p)	298	772	1,070
Net Position Increase/(Decrease) per Financial Statements (b)	\$ 27,317	\$ 32,745	\$ 60,062

Table 2 - Explanatory Notes for Crosswalk

- (a) Source: Budget to Actual Table 1A and Table 1B in Monthly Financial Report
- (b) Source: Basic Financial Statements Table 2 in Monthly Financial Report
- (c) Current year pension payments are an expense for budget purposes but not for financial reporting purposes.
- (d) Prior year pension payments are accounted for in the current year financial statements.
- (e) The administrative fee is part of the O&M Legacy Pension shown as an expense for budget purposes. For financial reporting purposes part of the administrative fee is considered prepaid based on the prior year General Retirement System audit information and therefore not an expense for the current year financial reporting. The prepaid portion is adjusted in June each year.
- (f) Debt service (principal and interest payments) are shown as an expense for budget purposes. Most of the adjustment relates to principal payments which are not an expense for financial reporting purposes. A portion of the adjustment relates to interest expense variances on state revolving fund debt due to the timing of payment draws. The cash set aside basis for interest expense generally is the same as the accrual basis for financial reporting.
- (g) This adjustment relates to the B&C note obligation payments. The principal and interest cash basis payments are treated as an expense for budget purposes. The principal portion is not an expense for financial reporting purposes. For financial reporting purposes interest is expensed on an accrual basis which is different from the cash basis.
- (h) Payments for the warehouse lease and subscription-based information technology arrangements (SBITA) are expensed for budget purposes. For financial reporting purposes, the warehouse lease is recorded under GASB 87 and payments are treated as a reduction in the lease liability and interest expense (which is a nonoperating expense). The SBITA payments are recorded under GASB 96 and are treated as a prepaid subscription asset as the software is currently in the implemented phase.

- (i) WRAP is shown as an expense for budget purposes. For financial reporting purposes the expense is not recognized until the funds have been transferred to the WRAP administrator. The adjustment shown is the amount of current year transfers that have not been transferred to the WRAP administrator. Note that there are funds from the prior year that have not been transferred to the WRAP administrator.
- (j) The Extraordinary Repair & Replacement Fund and Improvement & Extension Fund transfers are shown as an expense for budget purposes but not for financial reporting purposes.
- (k) Certain nonoperating income and expenses are reported in financial statements only.
- (l) The water service contract with Flint includes a license for raw water rights which has been recorded as an asset and liability by the Authority. The contract provides for a credit to Flint as Flint satisfies its monthly bond payment obligation to KWA. This KWA credit is treated as a noncash payment of principal and interest on the liability recorded for the raw water rights. For budget, wholesale customer charges are net of the anticipated KWA credits to Flint as that is the cash that will be received and available to meet the budgeted revenue requirements. For financial reporting purposes the Flint wholesale charges are recorded as the total amount billed. When the KWA credit is issued, the receivable from Flint is reduced and the principal and interest payments on the liability for the raw water rights are recorded as a noncash transaction. Most of the adjustment shown relates to the principal reduction made for the credits applied which are not an expense for financial reporting basis.
- (m) Investment earnings from the construction fund are not shown as revenue in the budget and are shown as revenue in the financial statements. Construction fund investment earnings are excluded from the definition of revenue for budget purposes as they are used for construction costs and are not used to meet the revenue requirements in the budget.
- (n) Unrealized gains and losses are recorded annually as required for financial reporting purposes but do not reflect actual investment earnings and are not included in cash basis reporting.

- (o) The Water Improvement and Extension fund and the Sewer Improvement and Extension fund reflect certain expenses relating to repairs paid for through the Water and Sewer Improvement and Extension funds, respectively. These are consolidated expenses for financial reporting purposes but are not reflected in the current Operations and Maintenance budget expenses.

- (p) The FY 2026 capital contribution in Nonoperating (revenue) expense represents ARPA (\$0.3 million) grant revenue for the Water system and (\$0.8 million) for the Sewage Disposal system. This nonoperating revenue is reported only in the GAAP-basis financial statements.

The Monthly Capital Improvement Plan Financial Summary includes the following.

1. Water System Capital Improvement Plan Spend Incurred to date
2. Sewer System Capital Improvement Plan Spend Incurred to date

Capital Improvement Plan Financial Summary

Great Lakes Water Authority (GLWA) capital improvement projects generally span two or more years due to size and complexity. Therefore, the GLWA Board of Directors (Board) has adopted a five-year capital improvement plan (CIP). The CIP is a five-year, rolling plan which is updated annually and formally adopted by the GLWA Board of Directors. In addition, the Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established.

This report presents quarterly and monthly CIP spending against the prorated CIP in total and the CIP adjusted for the SRA. The prorated CIP is calculated by dividing the total fiscal year 2026 board-approved CIP plan by twelve equal months. It should be noted that for operational purposes, GLWA utilizes Primavera P6 for refined monthly projections for cash management and project management.

Capital spend reflects a noticeable variance from budgeted CIP for both the water and sewer funds. For the purposes of this metric, we compare actual spend with the Board-approved budget. For the purposes of managing the financial plan, budget amendments are made to align spending with resources available. The capital spend rate adjustment is 100% of the Board approved CIP planned spend for the water fund and 90% of the Board approved CIP planned spend for the sewer fund.

The State Revolving Fund (SRF) activity reported in Charts 1 and 2 is revised as needed to reflect ongoing changes in approved GLWA SRF funding.

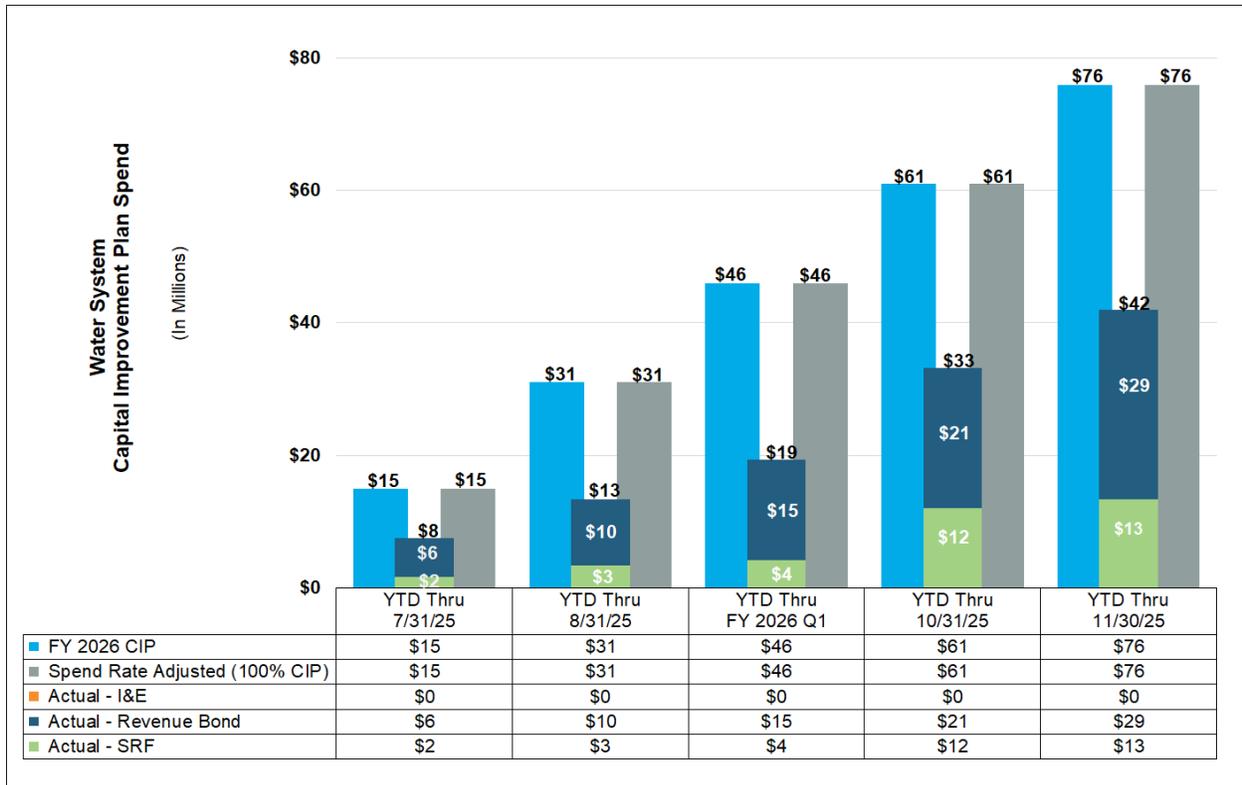
Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date

As of November 2025, the water system incurred \$42 million of construction costs to date. This spend represents 55% of the original, Board-approved CIP, and 55% of the Board-reviewed spend rate adjustment.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjustment.

Several projects were delayed early in the fiscal year which have resulted in actual expenses falling below original budget estimates. It is likely there will be an underspend in FY 2026 that will be shifted into FY 2027.

Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted



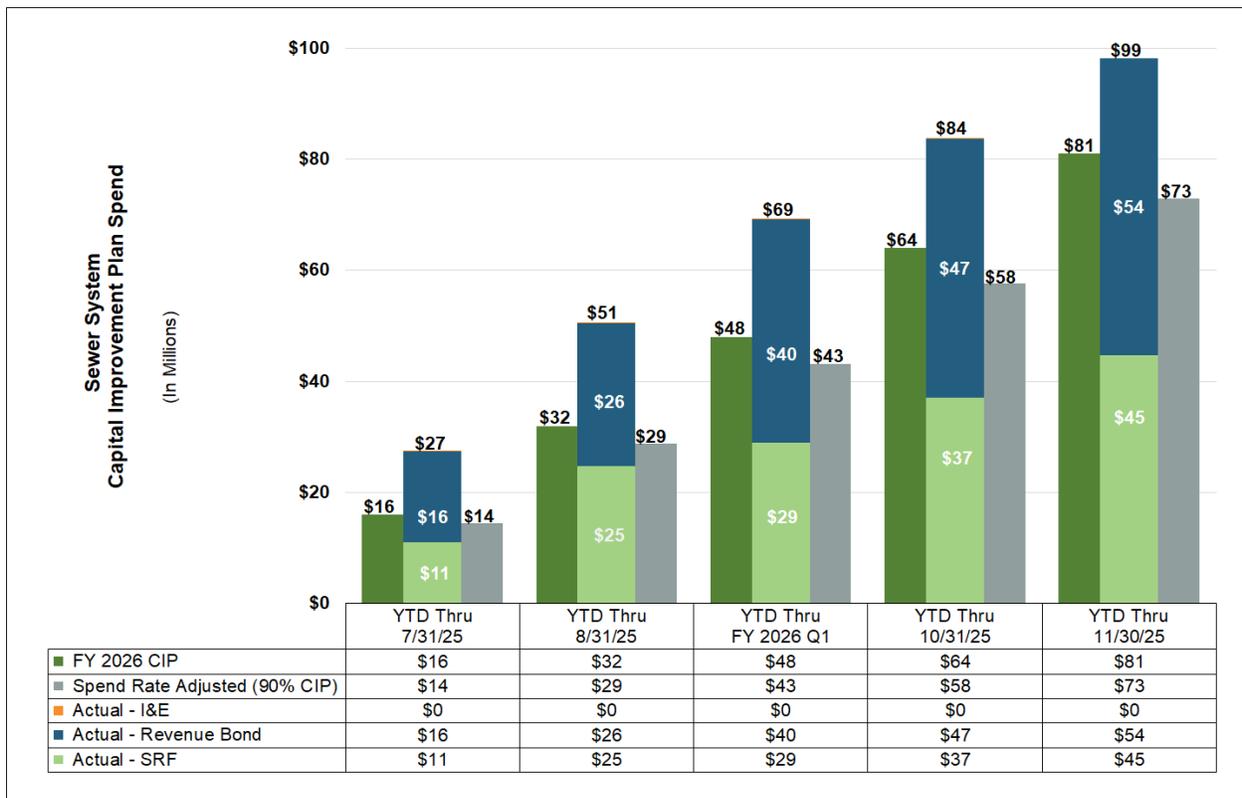
*SRF spend in the chart above reflects total costs associated with active SRF projects and may include some costs not reimbursed through the SRF program.

Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date

As of November 2025, the Sewer system incurred \$99 million of construction costs to date. This spend represents 122% of the original, Board-approved CIP, and 136% of the Board-reviewed spend rate adjustment.

Sewer spending is substantially above plan because a significant increase in SRF funding for FY 2026 has allowed for the acceleration of certain projects originally anticipated later in the CIP and ten-year plan.

Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted



*SRF spend in the chart above reflects total costs associated with active SRF projects and may include some costs not reimbursed through the SRF program.

This report includes the following.

1. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by GLWA
2. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by DWSD

MBO Transfers to Accounts Held by GLWA

GLWA Transfers: The Treasury team completes required MBO transfers on the first business day of each month. These transfers are completed in accordance with the Great Lakes Water Authority (GLWA) and Detroit Water & Sewerage Department (DWSD) budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually.

Monthly transfers for Operations & Maintenance (O&M), Pension, and Water Residential Assistance Program (WRAP) are one-twelfth of the annual, budgeted amount. Budget stabilization should not require additional funding due to new, baseline funding levels established as part of the June 2018 Memorandum of Understanding but is included to reflect historical activity. If there are transfers to the Extraordinary Repair & Replacement (ER&R) fund they would be completed annually based on budget and year-end fund status.

Table 1 – GLWA FY 2026 Water MBO Transfers reflects the required transfers for FY 2026 completed through November 2025. MBO transfers for water totaling \$79.2 million have been transferred to GLWA accounts.

Table 2 – GLWA FY 2026 Sewer MBO Transfers reflects the required transfers for FY 2026 completed through November 2025. MBO transfers for sewer totaling \$103.0 million have been transferred to GLWA accounts.

Table 3 – GLWA MBO Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 1 – GLWA FY 2026 Water MBO Transfers

WATER								
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water	
FY 2026								
July 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
August 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
September 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
October 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
November 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
December 2025								
January 2026								
February 2026								
March 2026								
April 2026								
May 2026								
June 2026								
Total FY 2026	\$ 76,023,335	\$ -	\$ 1,941,335	\$ 1,214,750	\$ -	\$ -	\$ 79,179,420	

Table 2 – GLWA FY 2026 Sewer MBO Transfers

SEWER								
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer	
FY 2026								
July 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
August 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
September 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
October 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
November 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
December 2025								
January 2026								
February 2026								
March 2026								
April 2026								
May 2026								
June 2026								
Total FY 2026	\$ 98,374,460	\$ -	\$ 2,966,750	\$ 1,694,165	\$ -	\$ -	\$ 103,035,375	

Table 3 – GLWA MBO Transfer History

WATER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water
Total FY 2016	\$ 71,052,000	\$ 6,037,100	\$ 10,297,200	\$ 1,983,300	\$ 2,326,900	\$ 606,000	\$ 92,302,500
Total FY 2017	111,879,600	6,037,200	10,297,200	2,077,200	360,000	-	130,651,200
Total FY 2018	121,562,604	6,048,000	10,695,696	2,159,400	-	-	140,465,700
Total FY 2019	121,562,604	6,048,000	10,695,696	2,061,000	-	-	140,367,300
Total FY 2020	126,840,204	6,048,000	10,695,683	1,980,804	-	-	145,564,691
Total FY 2021	134,127,300	6,048,000	10,695,700	2,324,200	-	-	153,195,200
Total FY 2022	143,933,800	6,048,000	10,695,700	2,376,600	-	-	163,054,100
Total FY 2023	156,747,700	6,048,000	10,695,700	2,611,800	-	2,200,000	178,303,200
Total FY 2024	168,873,100	-	2,568,700	2,710,200	50,000	2,836,000	177,038,000
Total FY 2025	182,227,100	-	2,820,700	2,763,800	(50,000)	2,144,000	189,905,600
Total FY 2026 (year to date)	76,023,335	-	1,941,335	1,214,750	-	-	79,179,420
Life to Date	\$ 1,414,829,347	\$ 48,362,300	\$ 92,099,310	\$ 24,263,054	\$ 2,686,900	\$ 7,786,000	\$ 1,590,026,911

SEWER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer
Total FY 2016	\$ 100,865,600	\$ 10,838,400	\$ 14,025,800	\$ 2,523,400	\$ 5,591,700	\$ 779,600	\$ 134,624,500
Total FY 2017	175,858,800	10,838,400	14,026,800	2,654,400	2,654,400	-	206,032,800
Total FY 2018	191,079,396	10,824,000	14,687,496	2,760,804	-	-	219,351,696
Total FY 2019	191,079,396	10,824,000	14,687,496	2,870,992	-	-	219,461,884
Total FY 2020	181,925,800	10,824,000	14,687,517	2,887,300	-	-	210,324,617
Total FY 2021	182,296,000	10,824,000	14,687,500	3,764,300	-	-	211,571,800
Total FY 2022	191,908,600	10,824,000	14,687,400	3,868,700	-	-	221,288,700
Total FY 2023	204,122,500	10,824,000	14,687,400	3,673,800	-	-	233,307,700
Total FY 2024	224,873,500	-	3,914,500	3,836,402	150,000	-	232,774,402
Total FY 2025	235,191,600	-	4,701,200	3,903,701	(150,000)	345,000	243,991,500
Total FY 2026 (year to date)	98,374,460	-	2,966,750	1,694,165	-	-	103,035,375
Life to Date	\$ 1,977,575,652	\$ 86,620,800	\$ 127,759,859	\$ 34,437,964	\$ 8,246,100	\$ 1,124,600	\$ 2,235,764,974

MBO Required and Lease Payment Transfers to DWSD

DWSD Transfers: The GLWA Treasury team completes the required MBO transfers on the first business day of each month. These transfers are completed in accordance with the GLWA and DWSD budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually. Transfers are coordinated with other areas of GLWA Financial Services in advance of the first business day of each month. GLWA Treasury sends confirmation of transfers made to DWSD Treasury.

Monthly transfers for O&M and O&M Pension are one-twelfth of the annual, budgeted amount. The annual lease payment, as stated in the Water and Sewer Lease Agreements, is \$22,500,000 for Water and \$27,500,000 for Sewer. The monthly lease transfer is one-twelfth of the amount as stated in the Lease agreements unless otherwise designated by DWSD. Per Section 3.5 of the Lease, the Lease payment may be used for (a) bond principal and interest for Local System Improvements, (b) bond principal and interest for the City's share of common-to-all System Improvements, and (c) Local System improvements.

Table 4 – DWSD FY 2026 Water MBO Transfers reflects the required transfers for FY 2026 completed through November 2025. MBO transfers for Water totaling \$30.1 million have been transferred to accounts held by DWSD.

Table 5 – DWSD FY 2026 Sewer MBO Transfers reflects the required transfers for FY 2026 completed through November 2025. MBO transfers for Sewer totaling \$36.5 million have been transferred to accounts held by DWSD.

Table 6 – DWSD Water MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 4 – DWSD FY 2026 Water MBO Transfers

WATER				
	<u>Operations & Maintenance</u>	<u>Pension</u>	<u>Lease Payment (I&E Fund)</u>	<u>Total Water</u>
FY 2026				
July 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
August 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
September 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
October 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
November 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
December 2025				
January 2026				
February 2026				
March 2026				
April 2026				
May 2026				
June 2026				
Total FY 2026	\$ 20,701,665	\$ -	\$ 9,375,000	\$ 30,076,665

Table 5 – DWSD FY 2026 Sewer MBO Transfers

SEWER				
	<u>Operations & Maintenance</u>	<u>Pension</u>	<u>Lease Payment (I&E Fund)</u>	<u>Total Sewer</u>
FY 2026				
July 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
August 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
September 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
October 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
November 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
December 2025				
January 2026				
February 2026				
March 2026				
April 2026				
May 2026				
June 2026				
Total FY 2026	\$ 25,043,460	\$ -	\$ 11,458,335	\$ 36,501,795

Table 6 – DWSD Water MBO and Lease Payment Transfer History

WATER				
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Water
FY 2016 *				
MBO/Lease Requirement	\$ 26,185,600	\$ 4,262,700	\$ 22,500,000	\$ 52,948,300
Offset to Debt Service	-	-	(2,326,900)	(2,326,900)
Total MBO Transfer	26,185,600	4,262,700	20,173,100	50,621,400
FY 2017				
MBO/Lease Requirement	33,596,400	4,262,400	22,500,000	60,358,800
Offset to Debt Service	-	-	-	-
Total MBO Transfer	33,596,400	4,262,400	22,500,000	60,358,800
FY 2018				
MBO/Lease Requirement	35,059,704	4,272,000	22,500,000	61,831,704
Offset to Debt Service	-	-	(1,875,000)	(1,875,000)
Total MBO Transfer	35,059,704	4,272,000	20,625,000	59,956,704
FY 2019				
MBO/Lease Requirement	35,484,300	4,272,000	22,500,000	62,256,300
Offset to Debt Service	-	-	(3,972,200)	(3,972,200)
Total MBO Transfer	35,484,300	4,272,000	18,527,800	58,284,100
FY 2020				
MBO/Lease Requirement	34,662,400	4,272,000	22,500,000	61,434,400
Offset to Debt Service	-	-	(3,548,000)	(3,548,000)
Total MBO Transfer	34,662,400	4,272,000	18,952,000	57,886,400
FY 2021				
MBO/Lease Requirement	35,833,900	4,272,000	22,500,000	62,605,900
Offset to Debt Service	-	-	(8,278,300)	(8,278,300)
Total MBO Transfer	35,833,900	4,272,000	14,221,700	54,327,600
FY 2022				
MBO/Lease Requirement	29,989,000	4,272,000	22,500,000	56,761,000
Offset to Debt Service	-	-	(8,925,400)	(8,925,400)
Total MBO Transfer	29,989,000	4,272,000	13,574,600	47,835,600
FY 2023				
MBO/Lease Requirement	42,581,600	4,272,000	22,500,000	69,353,600
Offset to Debt Service	-	-	(2,922,100)	(2,922,100)
Total MBO Transfer	42,581,600	4,272,000	19,577,900	66,431,500
FY 2024				
MBO/Lease Requirement	44,776,800	-	22,500,000	67,276,800
Offset to Debt Service	-	-	-	-
Total MBO Transfer	44,776,800	-	22,500,000	67,276,800
FY 2025				
MBO/Lease Requirement	46,468,700	-	22,500,000	68,968,700
Offset to Debt Service	-	-	-	-
Total MBO Transfer	46,468,700	-	22,500,000	68,968,700
FY 2026 (year to date)				
MBO/Lease Requirement	20,701,665	-	9,375,000	30,076,665
Offset to Debt Service	-	-	-	-
Total MBO Transfer	20,701,665	-	9,375,000	30,076,665
Life-to-Date				
MBO/Lease Requirement	385,340,069	34,157,100	234,375,000	653,872,169
Offsets	-	-	(31,847,900)	(31,847,900)
Total Water	\$ 385,340,069	\$ 34,157,100	\$ 202,527,100	\$ 622,024,269

* Note: FY 2016 lease transfer amounts shown do not include prepayment on the lease amount for the 6 months period before bifurcation.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History

SEWER				
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Sewer
FY 2016 *				
MBO/Lease Requirement	\$ 19,774,300	\$ 2,861,800	\$ 27,500,000	\$ 50,136,100
Offset to Debt Service	-	-	(19,991,500)	(19,991,500)
Total MBO Transfer	19,774,300	2,861,800	7,508,500	30,144,600
FY 2017				
MBO/Lease Requirement	41,535,600	2,862,000	27,500,000	71,897,600
Offset to Debt Service	-	-	-	-
Total MBO Transfer	41,535,600	2,862,000	27,500,000	71,897,600
FY 2018				
MBO/Lease Requirement	60,517,992	2,856,000	27,500,000	90,873,992
Offset to Debt Service	-	-	(9,166,664)	(9,166,664)
Total MBO Transfer	60,517,992	2,856,000	18,333,336	81,707,328
FY 2019				
MBO/Lease Requirement	56,767,920	2,856,000	27,500,000	87,123,920
Offset to Debt Service	-	-	(4,415,000)	(4,415,000)
Total MBO Transfer	56,767,920	2,856,000	23,085,000	82,708,920
FY 2020				
MBO/Lease Requirement	62,343,500	2,856,000	27,500,000	92,699,500
Offset to address shortfall	(7,100,000)	-	-	(7,100,000)
Offset to Debt Service	-	-	(5,032,700)	(5,032,700)
Total MBO Transfer	55,243,500	2,856,000	22,467,300	80,566,800
FY 2021				
MBO/Lease Requirement	69,915,700	2,856,000	27,500,000	100,271,700
Offset to Debt Service	-	-	(3,257,200)	(3,257,200)
Total MBO Transfer	69,915,700	2,856,000	24,242,800	97,014,500
FY 2022				
MBO/Lease Requirement	61,301,000	2,856,000	27,500,000	90,735,453
Offset to Debt Service	-	-	(5,529,297)	(4,607,750)
Total MBO Transfer	61,301,000	2,856,000	21,970,703	86,127,703
FY 2023				
MBO/Lease Requirement	51,396,400	2,856,000	27,500,000	81,752,400
Offset to Debt Service	-	-	(4,388,300)	(4,388,300)
Total MBO Transfer	51,396,400	2,856,000	23,111,700	77,364,100
FY 2024				
MBO/Lease Requirement	55,705,700	-	27,500,004	83,205,704
Offset to Debt Service	-	-	-	-
Total MBO Transfer	55,705,700	-	27,500,004	83,205,704
FY 2025				
MBO/Lease Requirement	57,356,900	-	27,500,000	84,856,900
Offset to Debt Service	-	-	-	-
Total MBO Transfer	57,356,900	-	27,500,000	84,856,900
FY 2026 (year to date)				
MBO/Lease Requirement	25,043,460	-	11,458,335	36,501,795
Offset to Debt Service	-	-	-	-
Total MBO Transfer	25,043,460	-	11,458,335	36,501,795
Life-to-Date				
MBO/Lease Requirement	561,658,472	22,859,800	286,458,339	870,055,064
Offsets	(7,100,000)	-	(51,780,661)	(57,959,114)
Total Sewer	\$ 554,558,472	\$ 22,859,800	\$ 234,677,678	\$ 812,095,950

* Note: FY 2016 lease transfer amounts shown do not include prepayment on the lease amount for the 6 months period before bifurcation.

This report includes the following:

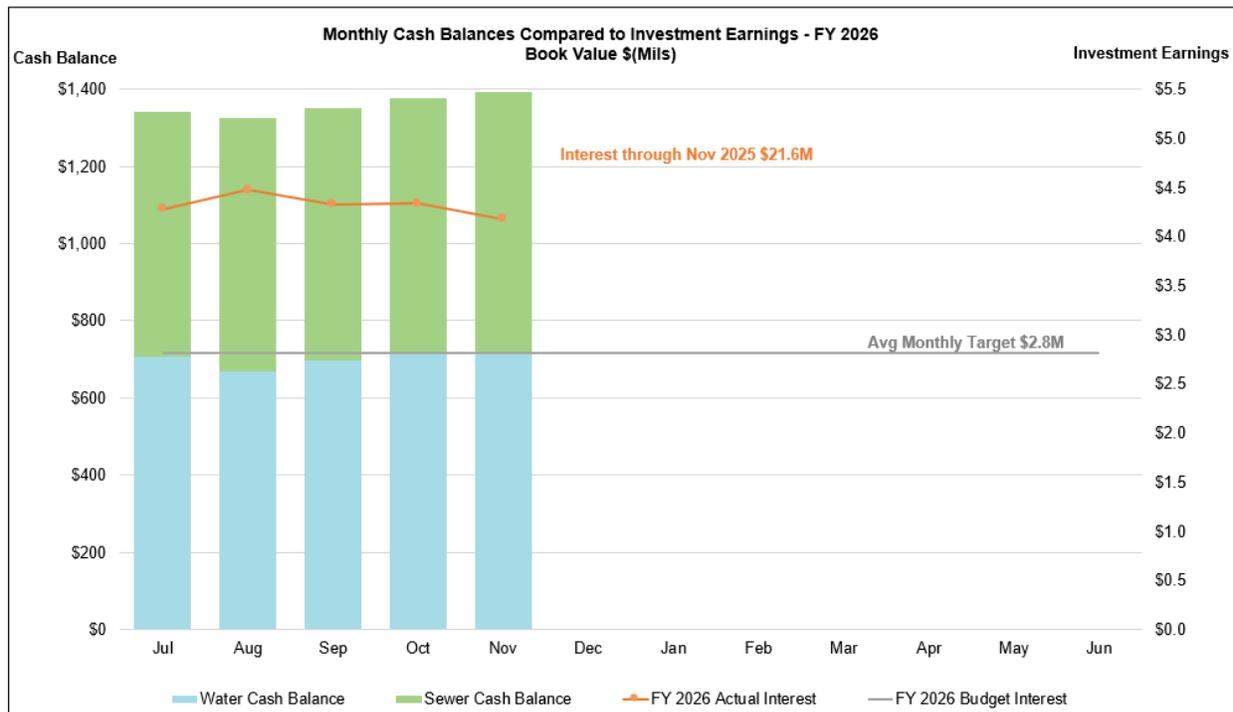
1. Monthly Cash Balances Compared to Investment Income
2. Cash Balance Detail

Monthly Cash Balances Compared to Investment Income

GLWA's investment holdings comply with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. The cash balances shown in this report include bank deposits, money market funds, a local government investment pool, U.S. Treasuries, Federal Agencies, and commercial paper.

Cash and investment balances change each month based on Master Bond Ordinance (MBO) funding requirements, operational needs, capital spending pace, and mandatory debt payments. Investment income fluctuates monthly based on cash and investment balances as well as market conditions and investment strategy. For the month of November 2025, GLWA earned investment income of \$4.2 million and cumulative FY 2026 earnings through November 2025 of \$21.6 million. Total investment income reported includes earnings from revenue requirement funds as well as construction bond funds.

Chart 1 – Monthly Cash Balances Compared to Investment Income – Through November 2025



\$(Mils)	July	August	September	October	November
Water	707	667	697	719	716
Sewer	633	659	655	659	676
Total	1,340	1,326	1,352	1,377	1,392
Investment Income	4.3	4.5	4.3	4.3	4.2

GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize future investment income while meeting the objectives of safety and liquidity.

Cash Balance Detail

Funds Held By GLWA: GLWA cash balances are held in accounts as defined by the Master Bond Ordinance. The accounts are funded by monthly transfers, as stipulated in the MBO, on the first business day of each month. The “operations and maintenance” (O&M) fund transfer amounts are based upon the annual O&M budget approved by the GLWA Board of Directors for the regional systems and by the Board of Water Commissioners for the Detroit Water & Sewerage Department (DWSD) local system budgets. The water and sewer funds held by GLWA and their purpose, as defined by the MBO, are listed below.

Funds Held Within Trust:

- Receiving – all retail and wholesale revenues collected which are distributed in subsequent month(s)
- Debt Service – funds set aside for debt service and debt reserve requirements
- Pension Obligation – funds set aside to meet GLWA’s annual funding requirements for the legacy General Retirement System Pension Plan
- Water Residential Assistance Program (WRAP) – funds set aside to be used to provide financial assistance to qualified residents throughout the local and regional water system as directed by program guidelines
- Budget Stabilization – funds held by GLWA on behalf of DWSD that can be applied against shortfalls in retail revenues
- Emergency Repair & Replacement (ER&R) – funds set aside to pay the costs for major unanticipated repairs and replacements of the local and regional systems
- Improvement & Extension (I&E) – funds set aside to be used for the improvements, enlargements, and extensions of the regional system

Funds Held Outside Trust:

- Bond Proceeds – funds raised from debt issuance used for costs of repairs, construction, and improvements of the regional system
- Operations & Maintenance (O&M) – funds used to meet the operational and maintenance requirements of the regional system

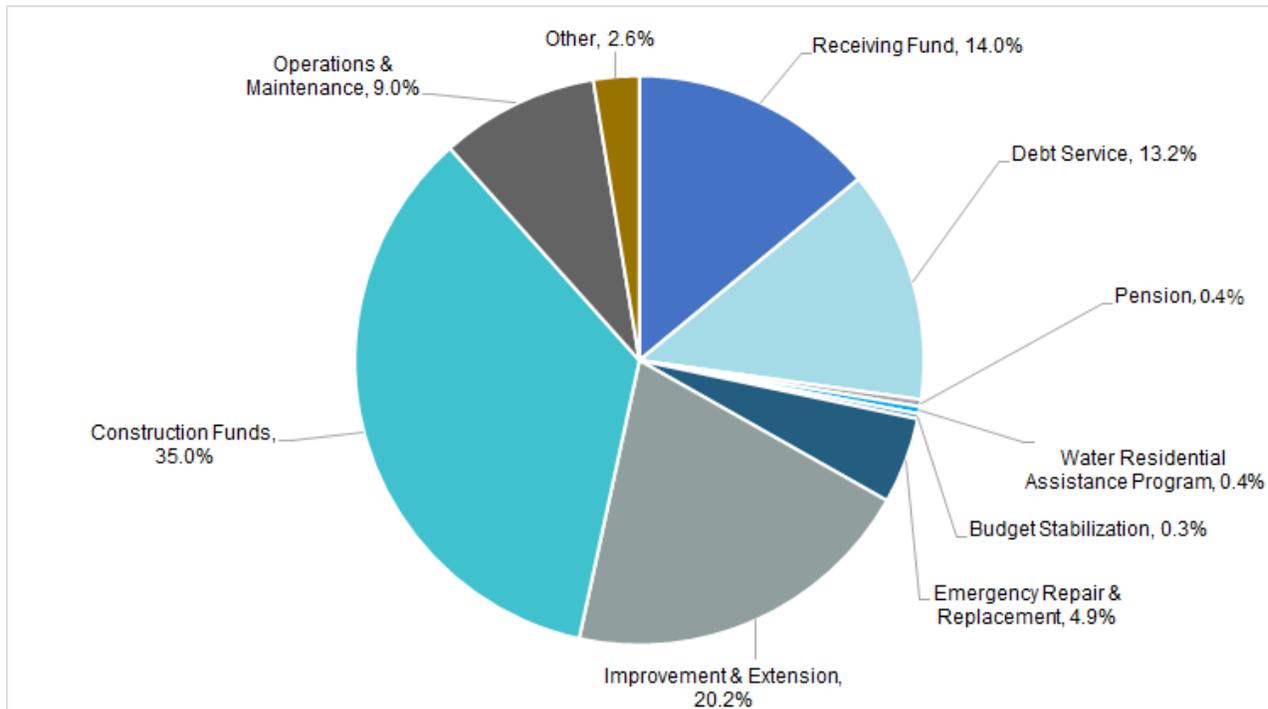
- Other – retainage funds held on behalf of contractors and security deposit funds held on behalf of the City of Flint, and capital contribution funds provided by the Evergreen Farmington Sewer District recognized as related project work is completed

A [chart](#) depicting the follow of funds is online at glwater.org as well as the [MBO](#) documents.

Chart 2 – Cash Balances - Water Funds as of November 2025 - Shows the allocation of the balance among the different categories defined in the section above. The total cash balance for Water Funds as of November 2025 is \$716 million. The allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

GLWA completed a bond transaction of \$231.8 million in June 2025 to support water system improvements. Those proceeds, along with I&E and SRF low-interest loans, will fund the capital program going forward.

Chart 2 – Cash Balances - Water Funds as of November 2025

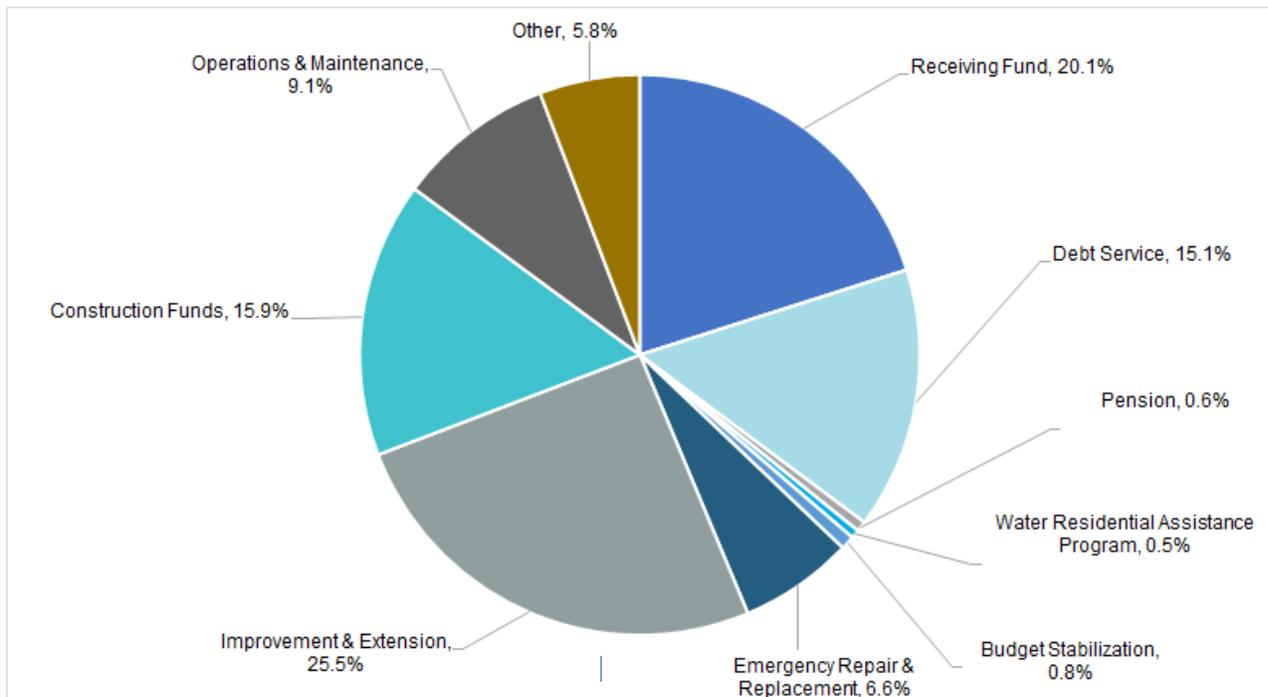


Note: Due to rounding totals may not equal 100%.

Chart 3 – Cash Balances - Sewer Funds as of November 2025 - Shows the allocation of the balance among the different funds defined in the section above. The total cash balance for Sewer Funds as of November 2025 is \$676 million. Like the Water Funds, the allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA’s commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

In conjunction with the Water Fund transaction, GLWA completed a bond transaction of \$51.7 million in June 2025 to support sewage disposal system improvements. Those proceeds, along with I&E and SRF low-interest loans, will fund the capital program going forward.

Chart 3 – Cash Balances - Sewer Funds as of November 2025



Note: Due to rounding totals may not equal 100%.

Retail Revenues, Receivables, and Collections: Pursuant to the terms of the lease agreement between the City of Detroit and the Great Lakes Water Authority (GLWA), the Detroit Water & Sewerage Department (DWSD) serves as GLWA's agent for billing activities for the City of Detroit retail customer class. All water and sewer service collections from DWSD customers are deposited in a trust account and are administered in accordance with the GLWA Master Bond Ordinance.

The Monthly Retail Revenues, Receivables, & Collections Report includes the following.

1. DWSD Retail Water Revenue Billings and Collections
2. DWSD Retail Sewer Revenue Billings and Collections
3. DWSD Retail Water and Sewer System Accounts Receivable Aging Report

Note: Wholesale customer revenues are billed by the Great Lakes Water Authority.

DWSD Retail Water Billings and Collections

Retail Billing Basis: DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

Table 1 - DWSD Retail Billings shows the FY 2026 water usage and billed revenue which are provided by DWSD staff. As of November 30, 2025, the DWSD usage was 100.67% of the budget and billed revenue was 99.47% of budget.

DWSD Retail Water Collections: The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

Table 2 - Retail Water Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

Table 1 – DWSD Retail Water Billing

RETAIL WATER CUSTOMERS								
Month (1)	FY 2026 - Original Budget		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume Mcf	Revenue \$	Volume Mcf	Revenue (2) \$	Volume Mcf	Revenue \$	Volume Mcf	Revenue \$
July	244,000	12,892,300	236,214	12,041,875	(7,786)	(850,425)	226,703	11,590,136
August	263,000	13,853,800	272,574	14,148,381	9,574	294,581	240,621	12,171,324
September	251,000	13,253,400	237,179	12,513,086	(13,821)	(740,314)	238,868	12,205,143
October	216,000	11,549,800	226,626	12,063,899	10,626	514,099	216,527	11,222,004
November	212,000	11,324,500	221,379	11,775,893	9,379	451,393	212,832	11,115,046
December	203,000	10,882,100					212,252	11,100,382
January	198,000	10,646,500					190,716	10,661,000
February	212,000	11,339,300					222,769	11,469,800
March	207,000	11,091,000					229,724	11,649,351
April	208,000	11,145,700					222,774	11,403,695
May	198,000	10,642,800					209,658	10,767,180
June	216,000	11,518,900					219,077	11,249,137
Total	2,628,000	140,140,100	1,193,973	62,543,135	7,973	(330,665)	2,642,521	136,604,198
<i>Subtotals YTD</i>	<i>1,186,000</i>	<i>62,873,800</i>	<i>1,193,973</i>	<i>62,543,135</i>	<i>7,973</i>	<i>(330,665)</i>		
<i>Achievement of Budget</i>			<i>100.67%</i>	<i>99.47%</i>				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.
 (2) Retail revenues include miscellaneous revenues and penalties

Table 2 – DWSD Retail Water Collections

Water				
Month	Current Year	Prior Year	Variance	Ratio
December	10,277,979	13,663,688	(3,385,709)	-24.78%
January	10,935,031	8,506,008	2,429,023	28.56%
February	9,632,511	8,996,740	635,771	7.07%
March	9,132,694	15,842,538	(6,709,844)	-42.35%
April	11,714,224	13,840,518	(2,126,294)	-15.36%
May	11,107,278	5,960,146	5,147,132	86.36%
June	10,096,555	9,045,195	1,051,360	11.62%
July	16,948,502	12,645,121	4,303,381	34.03%
August	10,140,353	10,203,737	(63,384)	-0.62%
September	11,666,527	10,837,378	829,148	7.65%
October	12,781,574	12,110,080	671,494	5.54%
November	9,532,650	8,572,356	960,295	11.20%
Rolling, 12-Month Total	133,965,877	130,223,505		
Rolling, 12-Month Average	11,163,823	10,851,959		

DWSD Retail Sewer Billings and Collections

Retail billing basis: DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

Table 3 - DWSD Retail Sewer Billings shows the FY 2026 sewer billed revenue which is provided by DWSD staff. As of November 30, 2025, the DWSD usage was at 97.10% of the budget and billed revenue was at 97.11% of budget.

DWSD Retail Sewer Collections: The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

Table 4 – DWSD Retail Sewer Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

Table 3 - DWSD Retail Sewer Billings

RETAIL SEWER CUSTOMERS								
Month (1)	FY 2026 - Original Budget		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume	Revenue	Volume (2)	Revenue (3)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	204,000	30,924,900	192,183	28,662,775	(11,817)	(2,262,125)	173,084	26,350,527
August	198,000	30,551,600	203,783	31,930,819	5,783	1,379,219	195,207	28,301,325
September	213,000	31,445,600	193,046	29,790,797	(19,954)	(1,654,803)	198,474	28,536,169
October	182,000	29,612,100	181,876	28,479,034	(124)	(1,133,066)	181,932	28,141,699
November	180,000	29,458,600	177,741	28,733,319	(2,259)	(725,281)	171,499	28,166,266
December	176,000	29,233,100					192,915	28,831,326
January	156,000	28,015,300					140,835	26,273,695
February	181,000	29,507,800					182,920	28,075,547
March	174,000	29,074,500					184,249	28,353,310
April	173,000	29,059,800					176,337	27,741,237
May	172,000	28,967,700					178,327	27,806,874
June	179,500	29,415,100					181,839	28,059,145
Total	2,188,500	355,266,100	948,628	147,596,744	(28,372)	(4,396,056)	2,157,619	334,637,121
Subtotals YTD	977,000	151,992,800	948,628	147,596,744	(28,372)	(4,396,056)		
Achievement of Budget/Goal			97.10%	97.11%				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Reflects billed volume based on actual usage except for residential customers where the billed volume differs from actual usage due to residential sewer volume caps implemented in FY 2023.

(3) Retail revenues include miscellaneous revenues and penalties

Table 4 – DWSD Retail Sewer Collections

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
December	23,914,649	23,249,973	664,676	2.86%
January	26,416,591	26,248,512	168,079	0.64%
February	24,116,823	24,230,304	(113,481)	-0.47%
March	23,871,283	26,438,687	(2,567,405)	-9.71%
April	25,340,397	23,532,381	1,808,016	7.68%
May	22,575,530	22,487,372	88,158	0.39%
June	23,278,350	20,945,929	2,332,421	11.14%
July	35,487,541	36,297,569	(810,027)	-2.23%
August	27,119,685	22,591,511	4,528,174	20.04%
September	28,474,877	22,367,425	6,107,452	27.31%
October	28,509,554	25,231,098	3,278,456	12.99%
November	22,598,245	23,609,169	(1,010,924)	-4.28%
Rolling 12-Month Total	311,703,525	297,229,929		
Rolling, 12-Month Average	25,975,294	24,769,161		

DWSD Retail Water and Sewer Accounts Receivable Aging Report

The DWSD detailed accounts receivable aging are categorized by customer category.

Table 5 is a summary of the monthly sales, total receivables, bad debt allowance and net water and sewer receivables as of November 30, 2025, with comparative totals from June 30, 2025, June 30, 2024, and June 30, 2023. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The table provides a comparison of days in accounts receivable calculated as net receivables divided by daily sales and confirms that over time, days in AR is held in check overall due to a consistent practice of adjusting the allowance for doubtful accounts monthly. To the extent this allowance is adjusted, and bad debt expense is recognized in the DWSD budget, it does not impact GLWA.

Table 6 is a summary of the total, current and non-current Water and Sewer receivables by category as of November 30, 2025, with comparative totals from November 30, 2024. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The Total Balance and Total Bad Debt Allowance as of November 30, 2025, are reflective of the values in both the Table 5 Summary and Table 6 breakdown.

Table 5 – DWSD Retail Accounts Receivable Aging Report – Summary

Summary					
Period Ending	Monthly Sales	Receivables			Days in AR (1)
		Total	Allowance	Net	
June 30, 2023	39,443,000	327,023,000	(272,012,000)	55,011,000	42
June 30, 2024 (3)	39,029,000	324,867,000	(249,922,000)	74,944,000	58
June 30, 2025 (2)(4)	40,227,000	381,752,000	(310,878,000)	70,873,000	53
Nov 30, 2025	41,117,000	405,315,000	(338,529,000)	66,786,000	49

Totals may be off due to rounding

(1) Days in AR is calculated as net receivables divided by daily sales (monthly sales/30 days).

(2) The annual AR Tax Roll Transfer totaling \$25,890,000 was made in October 2024.

(3) The June 30, 2024 monthly sales amount was updated in April 2025 reporting to include an increase of approximately \$675,000 that was made subsequent to the original reporting.

(4) The June 30, 2025 year-end allowance amount was updated in July 2025 reporting to include an increase of approximately \$153,000 that was made subsequent to the original reporting.

Table 6 – DWSD Retail Accounts Receivable Aging Report – Water & Sewer Combined

	Avg. Balance	Current	> 30 Days	> 60 Days	> 180 Days	A/R Balance
Residential	970.16	14,898,000 6.3%	8,924,000 3.8%	28,904,000 12.2%	184,657,000 77.8%	237,383,000 100.0%
Commercial	1,352.65	7,537,000 19.3%	2,405,000 6.2%	6,382,000 16.4%	22,682,000 58.1%	39,006,000 100.0%
Industrial	3,457.35	6,140,000 28.8%	1,174,000 5.5%	3,221,000 15.1%	10,821,000 50.7%	21,356,000 100.0%
Tax Exempt	479.90	4,337,000 18.2%	1,140,000 4.8%	2,748,000 11.6%	15,554,000 65.4%	23,779,000 100.0%
Government	2,522.26	3,810,000 18.9%	1,652,000 8.2%	2,759,000 13.7%	11,966,000 59.3%	20,188,000 100.0%
Drainage	-	-	-	-	-	-
Subtotal - Active Accounts	1,013.22	36,722,000 10.7%	15,295,000 4.5%	44,015,000 12.9%	245,680,000 71.9%	341,712,000 100.0%
Inactive Accounts	159.34	100,000 0.2%	151,000 0.2%	1,394,000 2.2%	61,959,000 97.4%	63,603,000 100.0%
Total	550.39	36,821,000	15,446,000	45,409,000	307,639,000	405,315,000
% of Total A/R		9.1%	3.8%	11.2%	75.9%	100.0%
Water Fund	120.24	10,603,000	3,763,000	10,976,000	63,206,000	88,548,000
Sewer Fund	430.15	26,218,000	11,683,000	34,433,000	244,433,000	316,767,000
Total Nov 30, 2025 (a)	550.39	36,821,000	15,446,000	45,409,000	307,639,000	405,315,000
Water Fund- Allowance						(68,225,000)
Sewer Fund- Allowance						(270,303,000)
Total- Bad Debt Allowance						(338,529,000)
Comparative - Nov 2024 (b)	629.18	36,936,000	17,813,000	54,039,000	230,550,000	339,337,000
Difference (a) - (b)		(115,000)	(2,367,000)	(8,630,000)	77,089,000	65,978,000

The Monthly Wholesale Billings, Receivables, and Collections Report include the following.

1. Wholesale Water Billings and Collections
2. Wholesale Sewer Billings and Collections
3. Wholesale Water & Sewer Accounts Receivable Aging Summary

Wholesale Water Billings and Collections

Wholesale Water Contracts: The Great Lakes Water Authority (GLWA) provides wholesale water service to 87 member-partners through a variety of service arrangements.

Service Arrangement Type

Model Contract	85
Emergency	0
Older Contracts	<u>2</u>
Total	<u><u>87</u></u>

Note: Services are provided to the Detroit Water & Sewerage Department (DWSD) via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of this monthly report.

Wholesale Water Billing Basis: Beginning with FY 2016, wholesale water charges were restructured to create a more stable revenue stream by using a historical rolling average to project customer volumes which accounts for 40% of the monthly charges and 60% of the annual customer revenue requirement as a monthly fixed charge.

Table 1 - Wholesale Water Billings shows the FY 2026 water billed usage and revenues. As of November 30, 2025, the billed usage was at 102.58% of the original plan and billed revenue at 101.45% of the original plan. Billings and usage from the City of Flint are included as they were assumed in the FY 2026 Budget.

Wholesale Water Collections: The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

Table 2 - Wholesale Water Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods. Current year collections are trending above the prior year for the twelve-month period ending November 30, 2025.

Table 1 – FY 2026 Wholesale Water Billings Report

WHOLESALE WATER CHARGES								
Month (1)	FY 2026 Charges (2)		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume	Revenue	Volume	Revenue (3)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	1,459,700	35,523,100	1,443,326	35,332,100	(16,374)	(191,000)	1,347,527	32,449,201
August	1,327,600	33,953,000	1,389,530	34,819,742	61,930	866,742	1,297,169	31,979,686
September	1,270,300	33,143,000	1,322,813	33,872,313	52,513	729,313	1,315,030	32,104,405
October	1,040,600	30,218,400	1,098,074	31,097,156	57,474	878,756	1,051,234	28,946,404
November	887,200	28,529,400	886,345	28,592,350	(855)	62,950	872,926	26,975,632
December	962,000	29,287,500					866,671	27,877,869
January	977,400	29,446,100					989,175	28,114,300
February	873,200	28,325,000					888,053	27,055,774
March	946,800	29,098,400					966,088	27,862,863
April	905,200	28,703,100					928,903	27,482,932
May	1,099,400	31,132,100					1,049,087	28,969,431
June	1,393,800	34,734,300					1,325,550	32,157,894
Total	13,143,200	372,093,400	6,140,088	163,713,661	154,688	2,346,761	12,897,411	351,976,391
Subtotals YTD	5,985,400	161,366,900	6,140,088	163,713,661	154,688	2,346,761		

Achievement of Original Plan 102.58% 101.45%

(1) Figures are stated as "Service Months;" that is, July figures represent bills issued in August, etc.

(2) Charges are based on the approved FY 2026 water supply system charge schedule.

(3) Water Revenues differ from Table 1A within the budget to actual analysis section because amounts are reduced by the monthly payment to the City of Flint for a license to raw water rights under the Flint Raw Water Contract in Table 1A.

Table 2 - Wholesale Water Collections

Water				
Month	Current Year	Prior Year	Variance	Ratio
December	33,080,276	28,246,829	4,833,447	17.11%
January	28,917,330	24,448,936	4,468,394	18.28%
February	25,874,160	29,100,065	(3,225,905)	-11.09%
March	26,649,141	24,740,554	1,908,587	7.71%
April	25,622,706	26,856,179	(1,233,473)	-4.59%
May	26,976,277	25,838,255	1,138,022	4.40%
June	25,164,355	24,182,036	982,319	4.06%
July	30,792,996	30,278,936	514,060	1.70%
August	23,138,830	25,054,796	(1,915,966)	-7.65%
September	40,509,372	31,569,804	8,939,568	28.32%
October	33,195,865	29,858,946	3,336,919	11.18%
November	34,874,119	29,728,772	5,145,347	17.31%
Rolling 12-Month Total	354,795,427	329,904,108		
Rolling, 12-Month Average	29,566,286	27,492,009		

Wholesale Sewer Billings and Collections

Wholesale Sewer Contracts: GLWA provides wholesale sewer service to 18 member-partners via multiple service arrangements.

Service Arrangement Type	
Model Contract	14
Emergency	0
Older Contracts	<u>4</u>
Total	<u><u>18</u></u>

Note: Services are provided to the Detroit Water & Sewerage Department via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of the monthly report.

Wholesale Sewer Billing Basis: Beginning in FY 2015, the “sewer rate simplification” initiative was applied which provides for a stable revenue stream and predictability for our member partners. Wholesale sewer customers are billed a fixed monthly fee based upon the annual revenue requirement.

Table 3 - Wholesale Sewer Billings shows the FY 2026 sewer billed revenue. As of November 30, 2025, the billed revenue reflects 100.00% of the original plan.

Wholesale Sewer Collections: The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

Table 4 - Wholesale Sewer Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

The shift in wholesale sewer collection patterns is largely attributable to the timing of payments received. There are several large accounts whose payments swing between the end of the current month and the beginning of the next month. Current year collections are trending above the twelve-month period ending November 30, 2025.

Table 3 – FY 2026 Wholesale Sewer Billings Report

WHOLESALE SEWER CHARGES								
Month (1)	FY 2026 Charges		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume (2) Mcf	Revenue \$	Volume (2) Mcf	Revenue \$	Volume (2) Mcf	Revenue \$	Volume Mcf	Revenue \$
July	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
August	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
September	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
October	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
November	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
December	N/A	24,932,600	N/A		N/A		N/A	23,883,900
January	N/A	24,932,600	N/A		N/A		N/A	23,883,900
February	N/A	24,932,600	N/A		N/A		N/A	23,883,900
March	N/A	24,932,600	N/A		N/A		N/A	23,883,900
April	N/A	24,932,600	N/A		N/A		N/A	23,883,900
May	N/A	24,932,600	N/A		N/A		N/A	23,883,900
June	N/A	24,932,600	N/A		N/A		N/A	23,883,900
Total		299,191,200		124,663,000		-		286,606,800
Subtotals YTD		124,663,000		124,663,000		-		
Achievement of Original Plan				100.00%				

(1) Figures are stated as "Service Months," that is, July figures represent bills issued in August, etc.
(2) Not tracked as part of the wholesale sewer charges.

Table 4 - Wholesale Sewer Collections

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
December	23,958,644	21,351,498	2,607,146	12.21%
January	23,850,161	21,117,470	2,732,691	12.94%
February	23,509,614	27,856,400	(4,346,786)	-15.60%
March	24,230,161	23,460,900	769,261	3.28%
April	24,138,802	18,685,600	5,453,202	29.18%
May	23,965,586	28,363,300	(4,397,714)	-15.50%
June	24,053,386	23,300,100	753,286	3.23%
July	19,273,207	18,438,961	834,246	4.52%
August	28,754,028	13,987,797	14,766,231	105.57%
September	28,754,500	25,450,281	3,304,219	12.98%
October	28,120,360	13,037,715	15,082,645	115.68%
November	18,532,800	33,933,304	(15,400,504)	-45.38%
Rolling, 12-Month Total	291,141,249	268,983,326		
Rolling, 12-Month Average	24,261,771	22,415,277		

Wholesale Water & Sewer Accounts Receivable Aging Summary

GLWA operational invoices reflect 45-day payment terms. This allows Member Partners the ability to collect payment for services rendered under typical 30-day payment terms with an additional 15-day window to make payment to GLWA for wholesale services provided during that service period.

Table 5 - Wholesale Accounts Receivable Aging Summary is a summary of the total, current and non-current receivables by category as of November 30, 2025.

Table 6 - Wholesale Accounts Receivable Aging Summary, Net Dearborn is the same summary *without* the past due balances for Dearborn. Five water accounts comprise the past due balance of \$679,895 reported of which \$622,455 was paid in December and \$52,286 in January. The Billing Team continues to work with the member partner on the remaining \$5,154 unpaid balance.

All sewer accounts are current in November. The IWC past due balance reflects three accounts totaling \$22,980 of which \$18,613 was paid in December. The Billing Team continues to work with the member partner on the remaining \$4,367 unpaid balance. The Pollutant Surcharge past due balance consists of smaller account holders that GLWA staff continue to communicate with.

Table 5 - Wholesale Accounts Receivable Aging Summary

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	48,665,233	39,611,459	322,090	365,010	185,295	8,181,379
Sewer	14,564,261	14,564,261	-	-	-	-
IWC	705,844	682,864	18,346	267	-	4,367
Pollutant	666,166	621,991	20,454	733	2,936	20,052
Total	<u>64,601,503</u>	<u>55,480,575</u>	<u>360,890</u>	<u>366,010</u>	<u>188,231</u>	<u>8,205,799</u>
	100.00%	85.88%	0.56%	0.57%	0.29%	12.70%

Table 6 - Wholesale Accounts Receivable Aging Summary, Net of Dearborn

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	39,116,764	38,436,868	257,923	300,844	121,128	-
Sewer	14,564,261	14,564,261	-	-	-	-
IWC	705,844	682,864	18,346	267	-	4,367
Pollutant	666,166	621,991	20,454	733	2,936	20,052
Total	<u>55,053,034</u>	<u>54,305,984</u>	<u>296,723</u>	<u>301,843</u>	<u>124,064</u>	<u>24,420</u>
	100.00%	98.64%	0.54%	0.55%	0.23%	0.04%

Note: percentages vary from 100% due to rounding.

The Monthly Trust Receipts & Disbursements Report includes the following.

1. GLWA Trust Receipts & Disbursements – Net Cash Flows and Receipts
2. DWSD Trust Receipts & Disbursements – Net Cash Flows and Receipts
3. Combined System Trust Receipts & Disbursements – Net Cash Flows

GLWA Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e., Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flows of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects five months of activity to date.

Water fund receipts exceeded required disbursements by 10% through November 30, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2021.

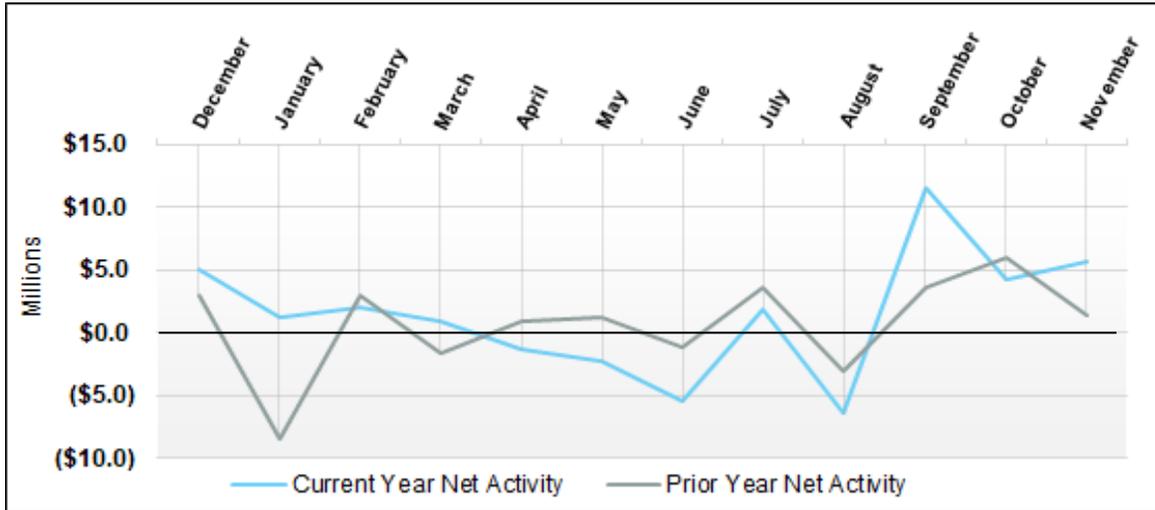
Sewer fund receipts exceeded required disbursements by 9% through November 30, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2021.

Chart 1 – GLWA 12-Month Net Receipts – Water outlines monthly cash receipt trends across two points of reference for the regional water system—current year and prior years. The black line at zero highlights the minimum goal for net receipts.

Chart 2 – GLWA 12-Month Net Receipts – Sewer outlines monthly cash receipt trends across two points of reference for the regional sewer system—current year and prior years. The black line at zero highlights the minimum goal for net receipts.

Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Through November 30
Water					
1 Receipts	338,117,694	363,335,474	374,252,221	379,199,823	178,822,106
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	338,117,694	363,335,474	374,252,221	379,199,823	178,822,106
4 Disbursements	(316,495,360)	(349,186,375)	(353,639,121)	(367,467,244)	(161,974,570)
5 Receipts Net of Required Transfers	21,622,334	14,149,099	20,613,100	11,732,579	16,847,536
6 I&E Transfer	(26,622,862)	(9,898,100)	(28,618,500)	(8,289,600)	(5,000,000)
7 Net Receipts	(5,000,528)	4,250,999	(8,005,400)	3,442,979	11,847,536
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	107%	104%	106%	103%	110%
Sewer					
9 Receipts	471,979,297	498,888,416	506,731,576	508,344,972	223,715,634
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	471,979,297	498,888,416	506,731,576	508,344,972	223,715,634
12 Disbursements	(450,701,751)	(473,516,238)	(477,450,794)	(481,372,746)	(205,314,375)
13 Receipts Net of Required Transfers	21,277,546	25,372,178	29,280,782	26,972,226	18,401,259
14 I&E Transfer	(37,651,788)	(26,766,200)	(12,468,000)	(11,455,000)	(31,570,300)
15 DWSD Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment	8,296,578	-	-	-	-
17 Net Receipts	(8,077,664)	(1,394,022)	16,812,782	15,517,226	(13,169,041)
18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	105%	105%	106%	106%	109%
Combined					
19 Receipts	810,096,991	862,223,890	880,983,797	887,544,795	402,537,740
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	810,096,991	862,223,890	880,983,797	887,544,795	402,537,740
22 Disbursements	(767,197,111)	(822,702,613)	(831,089,915)	(848,839,991)	(367,288,945)
23 Receipts Net of Required Transfers	42,899,880	39,521,277	49,893,882	38,704,805	35,248,795
24 I&E Transfer	(64,274,650)	(36,664,300)	(41,086,500)	(19,744,600)	(36,570,300)
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	8,296,578	-	-	-	-
27 Net Receipts	(13,078,192)	2,856,977	8,807,382	18,960,205	(1,321,505)
28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i>	106%	105%	106%	105%	110%

Chart 1 – GLWA 12-Month Net Receipts – Water

Chart 2 – GLWA 12-Month Net Receipts – Sewer


DWSD Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e. Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flows of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects five months of activity to date.

Water fund receipts exceeded required disbursements by 15% through November 30, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 8% since July 1, 2021.

Sewer fund receipts exceeded required disbursements by 9% through November 30, 2025 compared to the four-year historical average of required receipts exceeding disbursements by 4% since July 1, 2021.

Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Through November 30
Water					
1 Receipts	101,964,963	123,766,624	123,818,287	127,313,152	61,077,887
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	101,964,963	123,766,624	123,818,287	127,313,152	61,077,887
4 Disbursements	(94,495,601)	(117,666,100)	(117,290,591)	(119,923,334)	(53,241,970)
5 Receipts Net of Required Transfers	7,469,362	6,100,524	6,527,696	7,389,818	7,835,917
6 I&E Transfer	-	-	-	(8,000,000)	-
7 Net Receipts	7,469,362	6,100,524	6,527,696	(610,182)	7,835,917
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	108%	105%	106%	106%	115%
Sewer					
9 Receipts	291,280,896	298,897,942	296,088,194	299,683,584	142,231,107
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	291,280,896	298,897,942	296,088,194	299,683,584	142,231,107
12 Disbursements	(285,256,000)	(283,095,100)	(288,119,517)	(299,393,959)	(130,104,688)
13 Receipts Net of Required Transfers	6,024,896	15,802,842	7,968,677	289,624	12,126,419
14 I&E Transfer	-	-	-	-	-
15 Shortfall Advance from GLWA	-	-	-	-	-
16 Net Receipts	6,024,896	15,802,842	7,968,677	289,624	12,126,419
17 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	102%	106%	103%	100%	109%
Combined					
18 Receipts	393,245,859	422,664,566	419,906,481	426,996,735	203,308,994
19 MOU Adjustments	-	-	-	-	-
20 Adjusted Receipts	393,245,859	422,664,566	419,906,481	426,996,735	203,308,994
21 Disbursements	(379,751,601)	(400,761,200)	(405,410,108)	(419,317,293)	(183,346,658)
22 Receipts Net of Required Transfers	13,494,258	21,903,366	14,496,373	7,679,442	19,962,336
23 I&E Transfer	-	-	-	(8,000,000)	-
24 Shortfall Advance from GLWA	-	-	-	-	-
25 Net Receipts	13,494,258	21,903,366	14,496,373	(320,558)	19,962,336
26 <i>Ratio of Receipts to Required Disbursements (Line 20/Line 21)</i>	104%	105%	104%	102%	111%

Chart 3 – DWSD 12-Month Net Receipts – Water outlines monthly activity trends across two points of reference for the local water system—current year and prior year. The black line at zero highlights the breakeven goal for net receipts.

Chart 4 – DWSD 12-Month Net Receipts – Sewer outlines monthly activity trends across two points of reference for the local sewer system—current year and prior year. The black line at zero highlights the breakeven goal for net receipts.

Chart 3 – DWSD 12-Month Net Receipts – Water

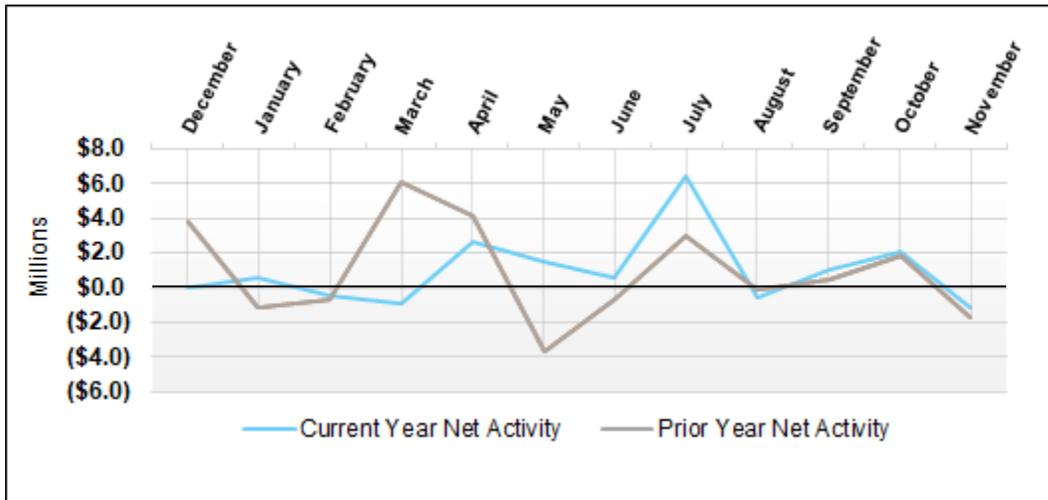
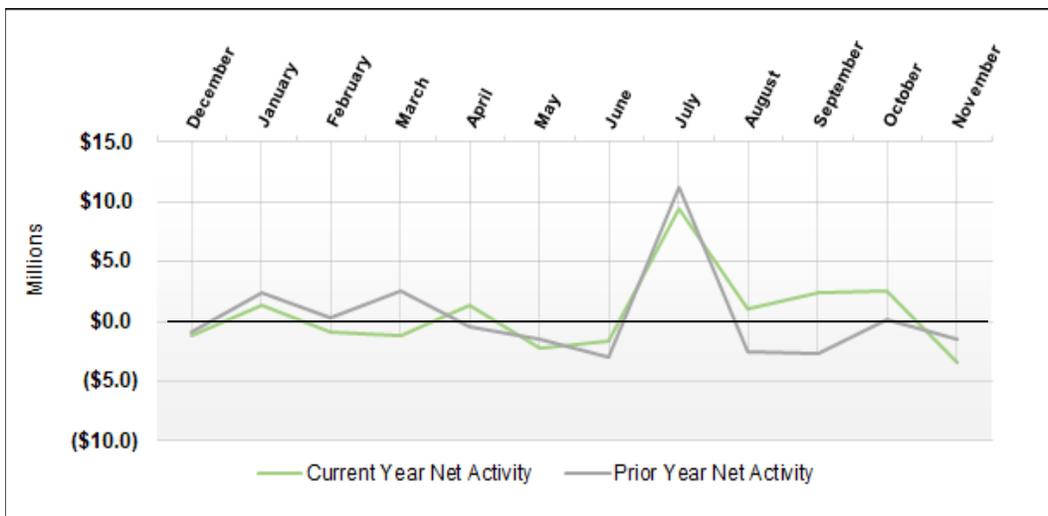


Chart 4 – DWSD 12-Month Net Receipts – Sewer



Combined System Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects five months of activity to date.

Water fund net receipts exceeded required disbursements by 11% through November 30, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 7% since July 1, 2021.

Sewer fund receipts exceeded required disbursements by 9% through November 30, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2021.

Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Through November 30
Water					
1 Receipts	440,082,657	487,102,098	498,070,508	508,868,741	239,899,993
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	440,082,657	487,102,098	498,070,508	508,868,741	239,899,993
4 Disbursements	(410,990,961)	(466,852,475)	(470,929,712)	(487,390,578)	(215,216,540)
Receipts Net of Required					
5 Transfers	29,091,696	20,249,623	27,140,796	21,478,162	24,683,453
6 I&E Transfer	(26,622,862)	(9,898,100)	(28,618,500)	(16,289,600)	(5,000,000)
7 Net Receipts	2,468,834	10,351,523	(1,477,704)	5,188,562	19,683,453
Ratio of Receipts to Required					
8 Disbursements (Line 3/Line 4)	107%	104%	106%	104%	111%
Sewer					
9 Receipts	763,260,193	797,785,358	802,819,770	808,374,074	365,946,742
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	763,260,193	797,785,358	802,819,770	808,374,074	365,946,742
12 Disbursements	(735,957,751)	(756,611,338)	(765,570,311)	(780,766,706)	(335,419,063)
Receipts Net of Required					
13 Transfers	27,302,442	41,174,020	37,249,459	27,607,369	30,527,679
14 I&E Transfer	(37,651,788)	(26,766,200)	(12,468,000)	(11,455,000)	(31,570,300)
15 Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment (principal)	8,296,578	-	-	-	-
17 Net Receipts	(2,052,768)	14,407,820	24,781,459	16,152,369	(1,042,621)
Ratio of Receipts to Required					
18 Disbursements (Line 11/Line 12)	104%	105%	105%	103%	109%
Combined					
19 Receipts	1,203,342,850	1,284,887,456	1,300,890,278	1,317,242,815	605,846,734
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	1,203,342,850	1,284,887,456	1,300,890,278	1,317,242,815	605,846,734
22 Disbursements	(1,146,948,712)	(1,223,463,813)	(1,236,500,023)	(1,268,157,284)	(550,65,603)
Receipts Net of Required					
23 Transfers	56,394,138	61,423,643	64,390,255	49,085,531	55,211,131
24 I&E Transfer	(64,274,650)	(36,664,300)	(41,086,500)	(27,744,600)	(36,570,300)
25 Shortfall advance	-	-	-	-	-
26 Shortfall Repayment	8,296,578	-	-	-	-
27 Net Receipts	416,066	24,759,343	23,303,755	21,340,931	18,640,831
Ratio of Receipts to Required					
28 Disbursements (Line 21/Line 22)	105%	105%	105%	104%	110%



Financial Services Audit Committee Communication

Date: February 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Alicia Schwartz, Grants Manager

Re: Grants, Gifts, and Other Resources Report Through January 31, 2026

Highlights: The Grants, Gifts, and Other Resources Report highlights changes from the prior report in yellow. Of particular note this month are the following project updates.

- ✓ **2025-007 State Revolving Fund Clean Water Initiative/Strategic Water Quality Initiative 5980-01 West Chicago South Stormwater Improvements (DWSD Grant)** - Received payment of \$3M, passed payment on to DWSD. Total reimbursement received to date - \$7.5M.
- ✓ **2025-005 American Rescue Plan – State Revolving Funded Project 5840-01 Northwest Interceptor to Oakwood CSO Sewer (CIP Project 222001)** - Received reimbursement of \$6M. Total reimbursement received to date - \$20M.
- ✓ **Federal Emergency Management Agency (FEMA), June Flood DR-4607 Project 660138 Seven Mile CSO and FY 2022 Environmental Protection Agency Community Grant – Detroit River Interceptor (CIP Project 222002)** - These two grants have been officially closed and have been removed from this report.
- ✓ Award phases referenced in this report have been updated to more closely reflect industry standards. The “Award” phase in prior reports is now referred to as the “Post-Award” phase and the “Post-Award” phase is now referred to as the “Close-Out” phase.

Background: The Great Lakes Water Authority (GLWA) delegated authority to the Chief Executive Officer to oversee and report on activities identified in the GLWA Articles of Incorporation related to solicitation and receipt of grants, gifts, and other resources ⁽¹⁾ as stated in Article 4 – Powers, Section B (4):

¹ Other resources as referenced above refer to labor, contributions of money, property, or other things of value from any other person or entity, public or private with the exception for loans, subject to provisions of the GLWA Board Debt Management Policy, and Intergovernmental agreements and other activities that are addressed in the GLWA Board Procurement Policy.

(4) Solicit, receive, and accept gifts, grants, labor, loans, contributions of money, property, or other things of value, and other aid or payment from any federal, state, local, or intergovernmental government agency or from any other person or entity, public or private, upon terms and conditions acceptable to the Authority, or participate in any other way in a federal, state, local, or intergovernmental government program ⁽²⁾.

GLWA's Grants, Gifts, and Other Resources Delegation Policy is online at [Grants, Gifts, and Other Resources Delegation Policy - GLWA \(glwater.org\)](http://glwater.org).

Analysis: The tables in each section of this report present GLWA grant activity by each phase. As a grant moves through each phase, it is shown in the corresponding table.

Table 1- Pre-Award phase includes the process of applying for a grant and the period prior to the signing of the grant agreement between the awarding agency and GLWA.

Table 2 - Post-Award phase reflects the period after the agreement is executed with the awarding agency. In this phase, GLWA becomes responsible for meeting the administrative, financial, and programmatic reporting requirements of the award.

Table 3 - Close-Out phase is the final stage of grant activity and includes final reporting requirements, auditing, and closeout. There are final financial and programmatic reports that must be submitted to formally close out the grant as defined in each grant agreement.

Table 4 - Programs not awarded or programs that GLWA will not continue to pursue.

Proposed Action: Receive and file this report.

² Participation in any other way in a federal, state local, or intergovernmental government program includes participation in research projects at universities.



Financial Services Audit Committee Communication

Table 1 – Pre-Award Phase Programs reflects open submissions for FY 2024, FY 2025, and FY 2026 to date. The programs listed under this section do not have a grant agreement between the awarding agency and GLWA at this time, but an application has been submitted, or the funds have been identified in legislation (i.e. earmarks).

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2024-009	3/9/2024	FY 2024 Environmental Protection Agency Community Grant – Pump Station #2 Rack & Grit (CIP Project 211007)	Federal Grant (Reimbursement Basis)	\$959,752	Federal Audit Requirements	Earmark (20% Cost Share). Working with Project Manager to develop project workplan.
2025-001	12/19/2024	State and Local Cybersecurity Grant Program (SLCGP) - Cybersecurity Assessments	Federal Grant (Reimbursement Basis)	\$80,000	Federal Audit Requirements	Application submitted by GLWA, under review by FEMA.
2025-002	12/19/2024	State and Local Cybersecurity Grant Program (SLCGP) - Cybersecurity Professional Training for IT/Security Staff	Federal Grant (Reimbursement Basis)	\$191,194	Federal Audit Requirements	Application submitted by GLWA, under review by FEMA.

Table 2 Post-Award Phase Programs reflect all open, awarded grants from FY 2021 through FY 2026.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-003	12/19/2022	FY2023 Environmental Protection Agency Community Grant – PFAS Compounds remediations project	Federal Grant (Reimbursement Basis)	\$3,452,972	Federal Audit Requirements	Received notification of award June 6, 2025.
2023-005	3/28/2023	Department of Energy – Hydrothermal Liquefaction Project	Federal Grant (Reimbursement Basis)	\$1,000,000	Federal Audit Requirements	Total reimbursement of \$783,940 received through December 2025.
2023-013	8/06/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 714729 Outfalls (CIP Project 260201)	Federal pass-through State (Reimbursement Basis)	\$247,650	Federal Audit Requirements	Reimbursement request of \$247,650 submitted in February 2024. Project closeout in progress.
2023-014	8/28/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 664811 Conner Creek Sewer System (CIP Project 260204)	Federal pass-through State (Reimbursement Basis)	\$1,910,621	Federal Audit Requirements	Reimbursement request of \$1,910,621 submitted in February 2024. Project closeout in progress.
2023-015	10/3/2024	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 670521 CAT-Z – Allocation of Management Costs	Federal pass-through State (Reimbursement Basis)	\$90,541	Federal Audit Requirements	Reimbursement request of \$90,541 submitted in November 2024. Project closeout in progress.
2023-019	3/3/2021	American Rescue Plan – State Revolving Fund (ARPA) Funded Project 7532-02 96 Inch Water Transmission Main Relocation Phase 2 EGLE (CIP Project 122004)	Federal pass-through State (Reimbursement Basis)	\$11,751,730	Federal Audit Requirements	Total reimbursement request received to date \$9M.
2023-023	8/30/2023	I-94 Modernization Project (CIP Project 270001)	MDOT Federal pass-through State (Reimbursement Basis)	\$34,400,000	Federal Audit Requirements	Wade Trim has been selected as vendor. Kick-off held November 20, 2025

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2024-005	12/15/2023	Fiscal Year 2023 Building Resilient Infrastructure and Communities (BRIC) Project Scoping/Feasibility Study (design and engineering only – no construction)	Federal pass-through State (Reimbursement Basis)	\$642,000	Federal Audit Requirements	\$642,000 Grant awarded January 2025 – currently on hold.
2024-009b	3/9/2024	FY 2024 Environmental Protection Agency Community Grant – Oakwood District Intercommunity Relief Sewer Modifications (CIP Project 222001)	Federal Grant (Reimbursement Basis)	\$959,752	Federal Audit Requirements	Received notification of award December 30, 2025
2024-011	7/10/2024	Southeast Michigan Flood Study	Federal (Cost Share)	\$0	Federal Audit Requirements	Cost Share Agreement – GLWA share \$1.5M. \$437,417 of Cost Share performed to date
2024-014	6/7/2023	Focus Hope – Michigan Industry Cluster Approach (MICA 4.0)	Nonprofit (Reimbursement Basis)	\$43,000	None	\$17,000 Received to date.
2025-004	5/1/2025	Scale-up of Hydrothermal Liquefaction with Supercritical Water Oxidation in an Integrated Biorefinery	Federal Grant (Cost Share)	\$0	Federal Audit Requirements	Cost Share Agreement – GLWA share \$250,000. \$11,467 of Cost Share performed to date
2025-005	9/6/2024	American Rescue Plan – State Revolving Funded Project 5840-01 Northwest Interceptor to Oakwood CSO Sewer (CIP Project 222001)	Federal pass-through State (Reimbursement Basis)	\$20,000,000	Federal Audit Requirements	Received payment of \$6.0M. Total reimbursement received to date \$20 M.
2025-006	5/8/2025	Detroit Employment Solutions Corp (DESC) Apprentice Grant	Nonprofit (Reimbursement Basis)	Reimbursement of \$5,000 per apprentice	None	1st renewal signed October 2025, provides \$5,000 per apprentice. Total received to date \$105,000.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2025-007	8/22/2024	State Revolving Fund Clean Water Initiative/Strategic Water Quality Initiative 5980-01 West Chicago South Stormwater Improvements (DWSD Grant)	State or Federal pass-through (Reimbursement Basis)	\$14,011,908	Federal Audit Requirements	Received payment of \$3M. Total reimbursement received to date \$7.5M.
2025-008	6/3/2025	Federal Emergency Management Agency (FEMA) COVID-19 DR-4494 Project 953011 - CAT-Z – Allocation of Management Costs	Federal pass-through State (Reimbursement Basis)	\$100,398	Federal Audit Requirements	Reimbursement request of \$100,398 submitted June 2025. Project closeout in progress.
2025-009	8/27/2025	State Revolving Fund Drinking Water Initiative - Water Main Replacement & Lead Service Line Replacement (WS742) 7888-01 (DWSD Grant)	State or Federal pass-through (Reimbursement Basis)	\$2,949,704	State Audit Requirements	Received notification of award August 27, 2025

Table 3 – Close-Out Phase Programs have been completed. GLWA reimbursement has been received in full, and the programs are in the process of being closed out, including any closeout reporting requirements. There is no Table 3 presented this month because there was no activity in the month of January.

Table 4 – Programs not awarded or programs that GLWA will not continue to pursue. There is no Table 4 presented this month because there was no activity in the month of January.



Financial Services Audit Committee Communication

Date: February 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Gerri Williams, Treasury Manager

Re: Quarterly Investment Report (Unaudited)

Background: As stated in section 14 of the Great Lakes Water Authority (GLWA) Investment Policy, quarterly reporting shall be presented to provide a clear picture of the status of the current GLWA investment portfolio. The attached report, prepared and presented by PFM Asset Management LLC, summarizes portfolio information through December 31, 2025 (unaudited).

Analysis: The Quarterly Investment Report complies with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. GLWA is investing its funds in a diversified portfolio which includes bank deposits, money market funds, a local government investment pool (LGIP), U.S. Treasuries, Federal Agencies, and commercial paper. All securities in the portfolio comply with the GLWA investment policy. Key metrics are provided below with additional commentary in the attached report.

- Yield at Cost:
 - As of December 31, 2025: 3.79%
 - As of September 30, 2025: 4.00%

- Yield at Market:
 - As of December 31, 2025: 3.74%
 - As of September 30, 2025: 4.01%

- Portfolio Allocation in Cash/Money Market/LGIP Securities:
 - As of December 31, 2025: 56%
 - As of September 30, 2025: 47%

Investment income in each of the funds is identified as restricted or unrestricted as defined in the Master Bond Ordinance (MBO). Unrestricted investment income can be used to fund operations and is included in the revenue requirement calculations. Restricted investment income is held within the specific fund and can only be used for the fund's purpose as stipulated in the MBO.

The Treasury group continues to work with PFM Asset Management LLC to identify strategies to maximize investment returns while meeting the GLWA standards for safety and liquidity.

Proposed Action: Receive and file this report.

Great Lakes Water Authority

Investment Performance Report – December 2025



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Executive Summary

PORTFOLIO RECAP

- **Safety** – The aggregate portfolio is diversified amongst cash, bank deposits, U.S. Treasuries, commercial paper, SEC-registered money market funds, and a local government investment pool. The total credit profile of the portfolio is strong with over 99% of the assets invested in bank deposits or securities that are rated within the two highest short and long-term rating classifications as established by S&P rating agency.
- **Liquidity** – Great Lakes Water Authority (“GLWA”) has continued to monitor its portfolio with the goal of limiting the allocation to cash and bank deposit accounts and maximizing the use of short-term investments to meet cash requirements. As of December 31, 2025, approximately 56% of the funds were held in cash and money market accounts maturing overnight, with a majority of the funds allocated to January 1st debt obligations.
- **Return** – The overall yield at market decreased to 3.74% as of December 31, 2025, versus 4.01% as of September 30, 2025. The lower yield is reflective of the Federal Reserve reducing borrowing costs and continuing their easing cycle. GLWA earned over \$25.9 million (unaudited) in investment income for the first six months of fiscal year 2026 on a book value basis. Investment income includes earnings on all fund types, including restricted and unrestricted funds combined as well as construction and bond proceeds. It should be noted that investment income for GLWA for FY 2026 is projected to be less than what was seen in the previous fiscal year.

AVAILABLE FUNDS (Unaudited)

Type	Book Value	Market Value	Yield @ Cost (as of 12/31/25)	Yield @ Market (as of 12/31/25)
Deposit Accounts	\$15,964,499	\$15,964,499	1.01%	1.01%
Trust Money Market Fund	\$504,604,450	\$504,604,450	3.63%	3.63%
Money Market Fund	\$6,846,871	\$6,846,871	3.65%	3.65%
Local Government Investment Pool	\$248,200,968	\$248,200,968	3.86%	3.86%
Managed Funds	\$603,516,389	\$604,785,513	3.97%	3.85%
<u>DECEMBER 2025 TOTALS:</u>	<u>\$1,379,133,177</u>	<u>\$1,380,402,301</u>	<u>3.79%</u>	<u>3.74%</u>
<u>PREVIOUS QUARTER TOTALS:</u>	<u>\$1,302,368,090</u>	<u>\$1,303,251,571</u>	<u>4.00%</u>	<u>4.01%</u>

Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Investment Strategy

OVERALL STRATEGY

- All investment activity is conducted subject to GLWA's investment policy and state statutes while meeting the primary objectives of safety and liquidity. The portfolio is managed to a disciplined investment plan to provide improved safety and diversification while putting every dollar to work.
- GLWA, working with its investment advisor PFM Asset Management ("PFMAM"), has continued to invest its funds in a mixture of short and intermediate-term individual investment securities to ensure adequate liquidity to cover upcoming debt, pension payments, and operational requirements.
- PFMAM will continue to actively manage long-term portfolios with full discretion and align short-term balances with expected liabilities and identify strategies to maximize future investment income in the current interest rate environment, subject to GLWA's investment policy and state statutes.

PORTFOLIO PERFORMANCE – CURRENT PERIOD*

- The overall portfolio's original yield at cost went from 4.00% as of 9/30/2025 to 3.79% as of 12/31/2025.
- The total portfolio had a market yield of 3.74% at the end of December, compared to 4.01% as of September 30, 2025. Yield at market represents what the market would provide in return if the portfolio was purchased on December 31, 2025 (versus purchased in prior months / years); the lower yield is a result of the Federal Reserve cutting overnight interest rates.
 - We utilize a variety of investment sectors, and because of that, this 3.74% yield at market as of 12/31/2025 is lower than in the previous quarter due to the decline in overnight and short-term yields.

PORTFOLIO PERFORMANCE – PROJECTIONS

- GLWA earned over \$25.9 million (unaudited) in investment interest income for fiscal year-to-date 2026 (as of December 31, 2025) on a book value basis.
- The fiscal year 2026 period earnings are expected to be slightly lower than the 2025 fiscal year earnings, mainly due to the Federal Reserve's monetary policy of lowering interest rates.

** Yield at cost is based on the original cost of the individual investments from the purchase date to maturity. On the other hand, yield at market is calculated on a specific day (in this case, December 31, 2025) and assumes that all the securities in the portfolio are purchased given the market price/yield on that particular day. If one is to generally hold their investments to the stated maturity date, then the yield at cost would be the better number to use to gauge how the portfolio is performing.*

Summary Market Overview and Outlook

ECONOMIC HIGHLIGHTS UPDATE

- The Federal Open Market Committee (“FOMC”) lowered the target range for the Federal Funds rate by 25 basis points during its last meeting of 2025, setting the new range at 3.50% – 3.75%. The vote included three dissents with two members preferring to keep rates unchanged and one favoring a larger 50 basis point cut.
- The median projection from the “dot plot” continues to show one 25 basis point rate cut in 2026 and another in 2027, though the wide dispersion in underlying projections underscores the growing difference of opinion within the Federal Reserve (the “Fed”). Assuming a more dovish Chair takes office in mid-2026 as expected, the markets view policy risks as skewed towards additional easing.
- Also at the meeting, the FOMC announced it would begin Reserve Management Purchases (“RMP”) totaling \$40 billion in U.S. Treasury Bills to maintain reserve balances and liquidity at currently sufficient levels.
- The first estimate of third quarter calendar year 2025 real gross domestic product (“GDP”) showed the economy grew at an annualized pace of 4.3%, its fastest rate in two years. Growth was driven by strong consumer and business spending and steadier trade dynamics. While the data is now several months old, it shows the economy was on solid footing heading into the government shutdown which began on October 1st.
- Official economic data released in December were “noisy” due to data collection issues caused by the recent government shutdown. Directionally, the data continues to show the labor market cooling and inflation remaining sticky with only modest progress towards the Federal Reserve’s 2.0% target.
- Commodity prices finished the year strong as gold jumped nearly +65% in 2025 and silver more than doubled, finishing the year up +148%.
- The value of the U.S. dollar reached its lowest level in over three years in September and is now down nearly 10% on the calendar year. This continues to serve as a tailwind for international equities.
- The U.S. Treasury yield curve steepened as the Federal Reserve cut rates, prompting short term rates to fall while longer term yields rose.

ECONOMIC IMPACT ON PORTFOLIO

- The yield on 3-month, 2-year, and 10-year Treasuries ended the quarter at 3.62%, 3.46%, and 4.11%, respectively.
- As a result of the decrease in short yields and increase in longer tenors, the slope of the curve (as measured by the difference in yield of 2 and 10-year notes) reached its highest level of the year. This also led shorter-duration indices to outperform longer counterparts.
- Portfolio Impact: For shorter duration mandates, like that for most of GLWA’s funds, we prefer a modestly longer duration stance as we expect Fed policy to have a more direct impact on front-end yields. However, for those specific accounts that have a longer duration strategy, we will continue to maintain portfolio durations near 100% of benchmarks and will maintain a curve steepening bias by modestly underweighting the long end of the curve. We continue to underweight Federal Agencies due to narrow spreads. The ongoing privatization efforts of Fannie Mae and Freddie Mac remain a focus, though no substantial progress has been shared publicly. Credit spreads on longer fixed-rate money market securities have remained attractive, as commercial paper securities have offered value given uncertainty around the Fed outlook for 2026.

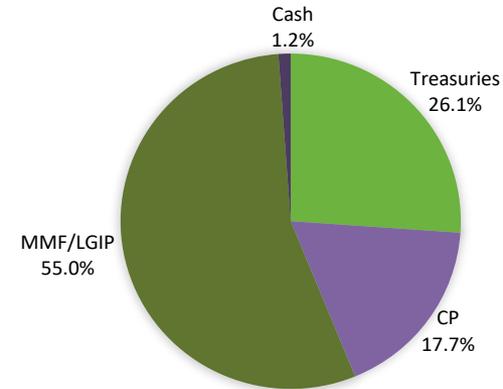
Portfolio Snapshot

Overall Portfolio Composition Summary

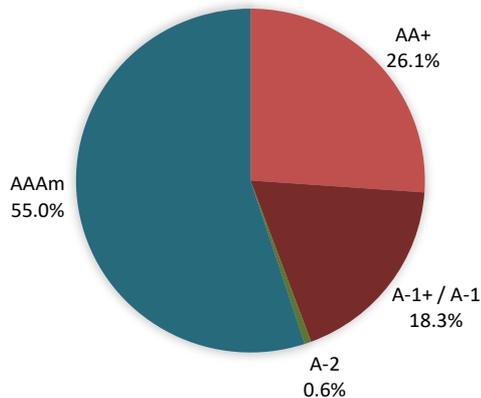
PORTFOLIO STATISTICS

Invested Amount	\$1.380 Billion
Duration	0.29 Years
Yield at Cost	3.79%
Yield at Market	3.74%

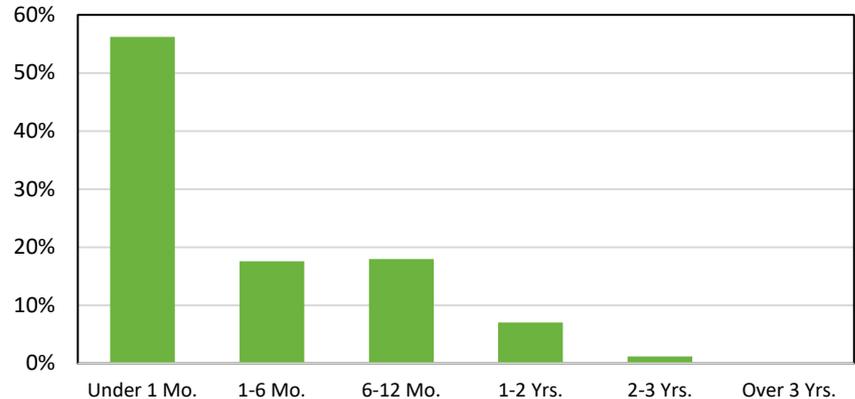
SECTOR ALLOCATION



CREDIT QUALITY



MATURITY DISTRIBUTION

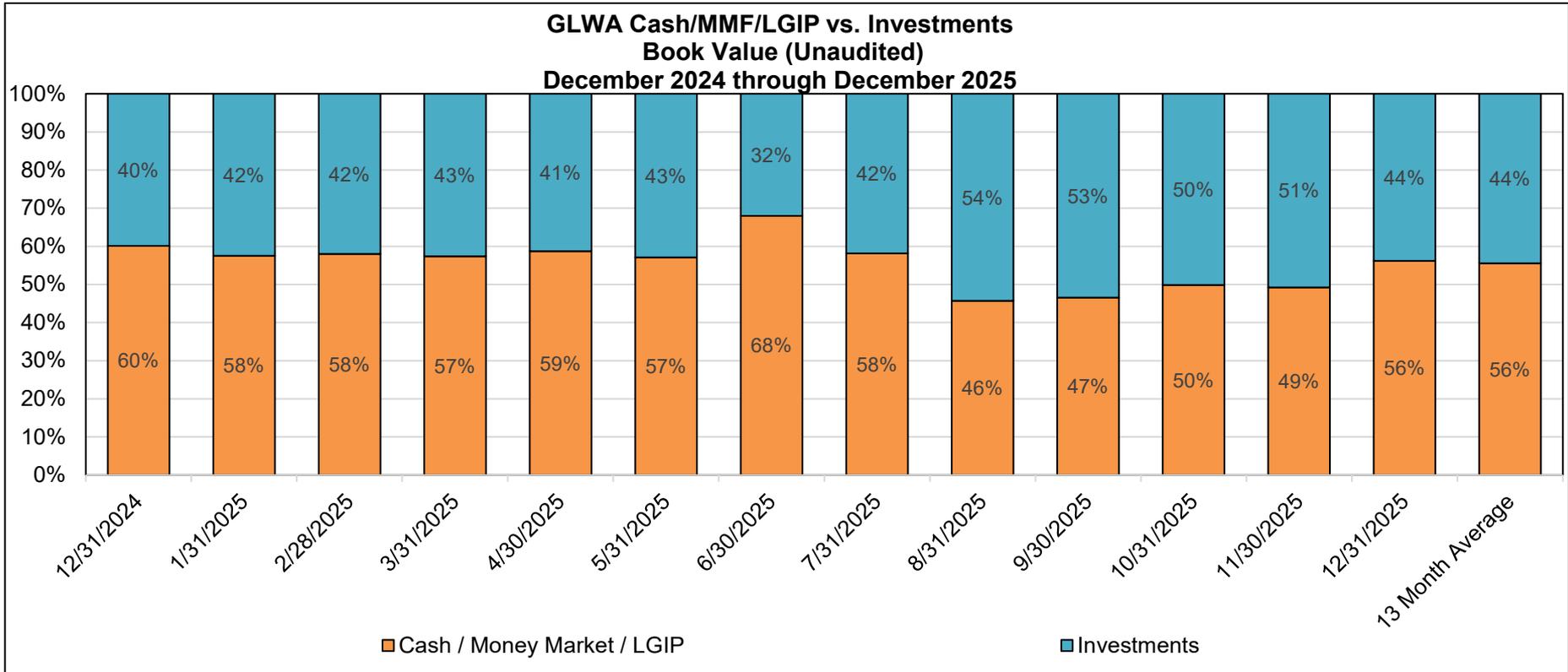


Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Portfolio Mix – Cash / Money Market vs. Investments

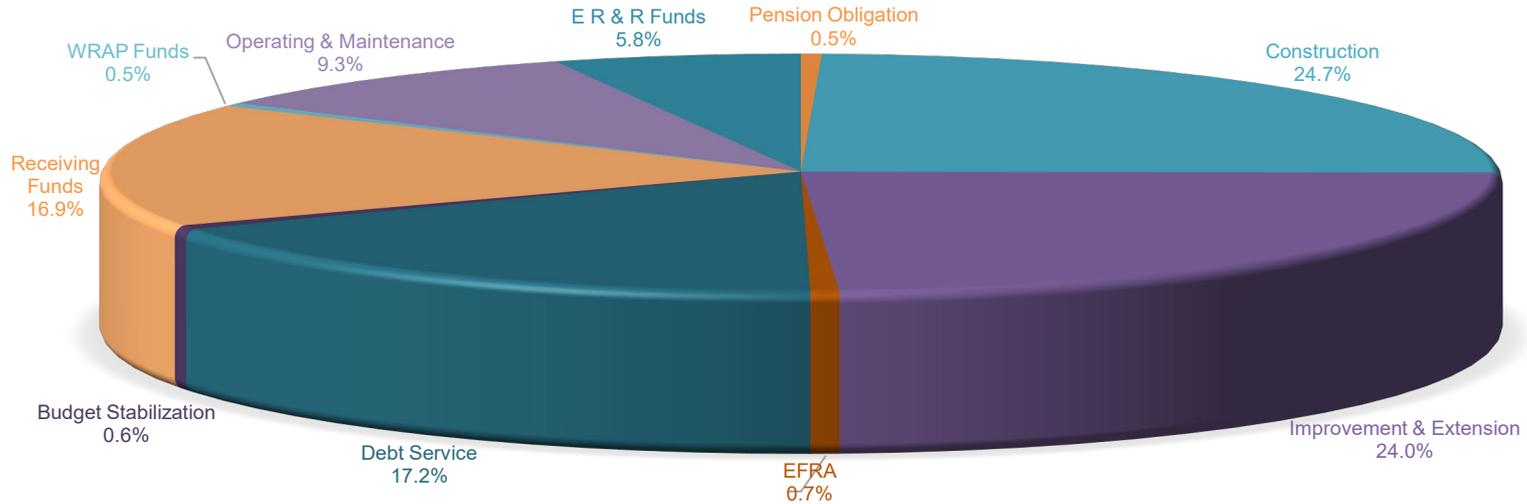
- GLWA’s liquidity requirements fluctuate each month based on operational requirements, capital funding, and debt payments. Based on a review of historical activity and refinement of cash flow projections, GLWA has continually tried to balance the allocation of the portfolio’s holdings to cash & money market accounts versus the allocation to investments for the portfolio holdings.
- The chart below compares the monthly allocation of the portfolio holdings to the 13-month average. The allocation between cash and investments will vary each month based on liquidity requirements. For December of 2025, about 56% of the overall portfolio was invested in cash, LGIP, and/or overnight money market fund accounts. This level is normal for the December time-period due to upcoming disbursements in January.



Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Investments – By Account Purpose



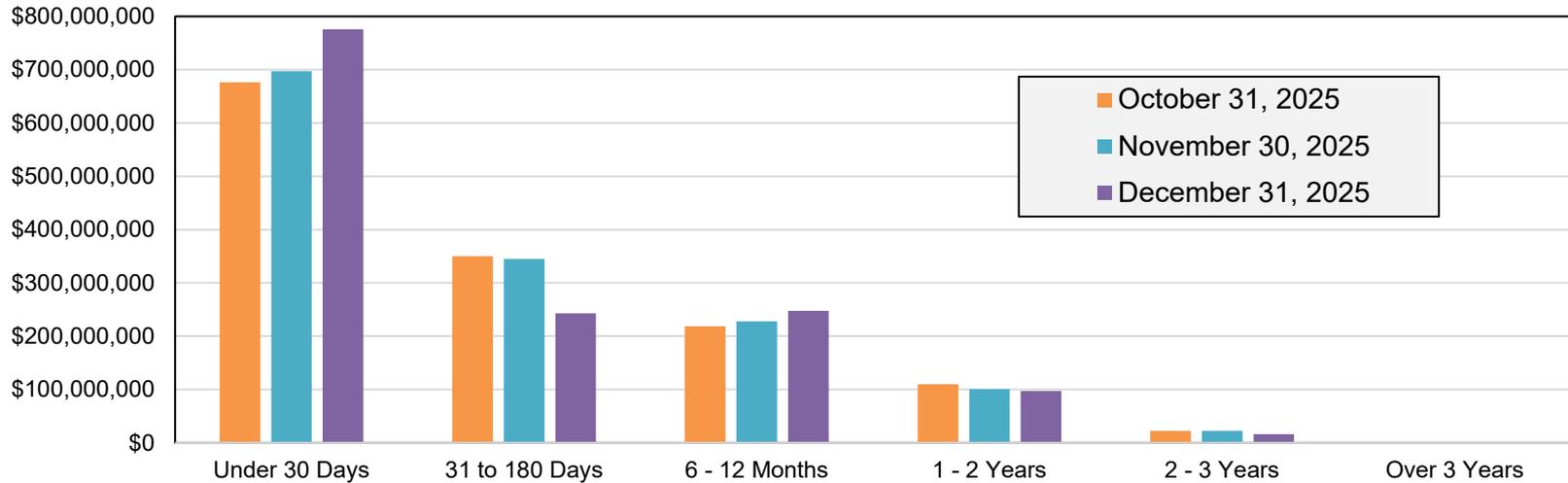
Account Purpose	Value Market	Allocation %	Cost Yield at	Market Yield at	Duration	Strategy
Construction Bond Funds	\$ 340,381,523	24.7%	4.06%	3.93%	0.292 Years	Cash Flow Driven
Improvement & Extension	\$ 330,966,835	24.0%	3.69%	3.72%	0.417 Years	Cash Flow Driven
Debt Service	\$ 237,160,304	17.2%	3.76%	3.75%	0.238 Years	Short-Term
Receiving Funds (includes lockbox account)	\$ 232,837,579	16.9%	3.61%	3.61%	0.003 Years	Short-Term
Operating & Maintenance	\$ 128,956,992	9.3%	3.59%	3.59%	0.003 Years	Short-Term
Extraordinary Repair & Replacement Funds	\$ 80,091,124	5.8%	4.09%	3.63%	1.209 Years	Long-Term
Evergreen Farmington Regional Account	\$ 9,142,631	0.7%	2.54%	2.54%	0.003 Years	Short-Term
Budget Stabilization Funds	\$ 7,593,538	0.6%	4.11%	3.67%	0.880 Years	Long-Term
Pension Obligation Funds	\$ 6,707,680	0.5%	4.01%	4.24%	0.278 Years	Short-Term
WRAP Funds	\$ 6,564,098	0.5%	3.63%	3.63%	0.003 Years	Short-Term
Total	\$ 1,380,402,301	100.0%	3.79%	3.74%	0.290 Years	

Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Investments – By Maturity

Maturity Distribution	October 31, 2025		November 30, 2025		December 31, 2025	
		%		%		%
Under 30 Days	\$ 676,657,551	49.1%	\$ 697,240,810	50.1%	\$ 775,710,615	56.2%
31 to 180 Days	350,260,403	25.4%	344,612,075	24.7%	243,170,524	17.6%
6 - 12 Months	218,973,454	15.9%	228,207,434	16.4%	247,820,138	18.0%
1 - 2 Years	109,832,543	8.0%	100,542,191	7.2%	97,326,371	7.1%
2 - 3 Years	22,302,966	1.6%	22,400,023	1.6%	16,374,654	1.2%
Over 3 Years	-	0.0%	-	0.0%	-	0.0%
Totals	\$ 1,378,026,916	100.0%	\$ 1,393,002,534	100.0%	\$ 1,380,402,301	100.0%



Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Investment Accounts – Yield at Cost & Market

	As of December 31, 2025		As of September 30, 2025	
	YTM @ Cost	YTM @ Market	YTM @ Cost	YTM @ Market
Bank Deposits				
Bank A	0.01%	0.01%	0.01%	0.01%
Bank C	2.15%	2.15%	2.44%	2.44%
Sub-Total Bank Deposits	1.01%	1.01%	1.93%	1.93%
Money Market Funds / LGIPs				
Local Government Investment Pool	3.86%	3.86%	4.21%	4.21%
Trust Money Market Fund	3.63%	3.63%	4.01%	4.01%
Money Market Fund	3.65%	3.65%	4.03%	4.03%
Sub-Total MMF / LGIPs	3.70%	3.70%	4.09%	4.09%
Investment Portfolios				
Sewage - Construction Bond 2023	4.30%	4.10%	4.33%	4.21%
Sewage SR Debt Serv 5403	3.86%	3.79%	4.17%	4.04%
Sew 2nd Debt Serv 5403	3.83%	3.80%	4.22%	4.06%
Sew SRF Debt Serv 5410	3.96%	4.13%	4.05%	4.15%
Sewage ER & R	4.15%	3.63%	3.68%	3.80%
Sewer Improvement & Extension	3.73%	3.80%	3.75%	3.97%
Sewer Pension Obligation	4.00%	4.27%	4.21%	4.31%
Sewer Budget Stabilization Fund	4.25%	3.68%	3.73%	3.84%
Sewer Bond Fund Series 2025	4.21%	4.01%	4.22%	4.19%
Water - Construction Bond 2023	0.00%	0.00%	4.38%	4.22%
Water SR Debt Ser 5503	3.85%	3.80%	4.21%	4.06%
Water 2nd Debt Serv 5503	3.82%	3.79%	4.23%	4.06%
Water SRF Debt Serv 5575	3.94%	4.11%	4.08%	4.19%
Water ER & R	4.16%	3.62%	3.80%	3.78%
Water Improvement & Extension	3.74%	3.77%	3.76%	3.93%
Water Pension Obligation	4.04%	4.20%	4.18%	4.15%
Water Budget Stabilization Fund	4.24%	3.68%	3.72%	3.84%
Water Bond Fund Series 2025	4.17%	3.95%	4.18%	4.06%
Sub-Total Investment Portfolios	3.97%	3.85%	4.00%	4.01%
Grand Total	3.79%	3.74%	4.00%	4.01%

YTM @ Cost is the expected return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis. YTM @ Market is the rate of return, based on the current market value, the annual interest receipts, maturity value and time period remaining until maturity, stated as a percentage, on an annualized basis.

Portfolio Snapshot

Peer Analysis Comparison

- The comparison agencies included in the list below were selected based on type and/or other non-performance-based criteria to show a broad range of water entities/utilities; this peer group list does not represent an endorsement of any of the public agencies or their services.
- The overall yield of GLWA's aggregate portfolio compares somewhat similarly to those of other short-term market indices (i.e., the S&P LGIP index and the 3-month U.S. Treasury index), despite the volatility of short-term interest rates and the limited ability in managing assets to a longer-term strategy.
- GLWA does have some limitations and unique constraints related to its ordinance and covenants that restricts the potential for a longer duration portfolio when compared to other similar water agencies.

As of December 31, 2025				
	Market Value	YTM @ Market	Effective Duration	Weighted Average Maturity
GLWA				
Great Lakes Water Authority	\$1,380,402,301	3.74%	0.29 Years	103 Days
Short/Intermediate-Term Indices				
S&P Rated Government Investment Pool Index		3.88%	0.08 Years	30 Days
BoA / ML 3-Month Treasury Index		3.66%	0.15 Years	55 Days
BoA / ML 6-Month Treasury Index		3.60%	0.39 Years	142 Days
BoA / ML 1-Year Treasury Index		3.56%	0.88 Years	321 Days
BoA / ML 1-3 Year Treasury Index		3.50%	1.76 Years	642 Days
BoA / ML 1-5 Year Treasury Index		3.55%	2.47 Years	902 Days
Peer Analysis (Water Entities / Utilities)				
District of Columbia Water & Sewer Authority, DC	\$484,368,006	3.62%	0.88 Years	353 Days
DuPage Water Commission, IL	\$177,939,632	3.77%	1.89 Years	929 Days
Fairfax County Water Authority, VA	\$225,421,610	3.77%	1.93 Years	762 Days
Metro Wastewater Reclamation District, CO	\$200,866,119	3.59%	2.15 Years	844 Days
Metropolitan Water District of Southern California, CA	\$993,290,082	3.84%	1.62 Years	745 Days
Philadelphia Water Department, PA	\$276,125,688	3.69%	0.91 Years	344 Days
San Bernardino Valley Municipal Water District, CA	\$381,120,644	3.63%	1.68 Years	670 Days
Tohopekaliga Water Authority, FL	\$155,617,336	3.70%	1.75 Years	860 Days
Truckee Meadows Water Authority, NV	\$30,344,512	3.57%	2.32 Years	911 Days

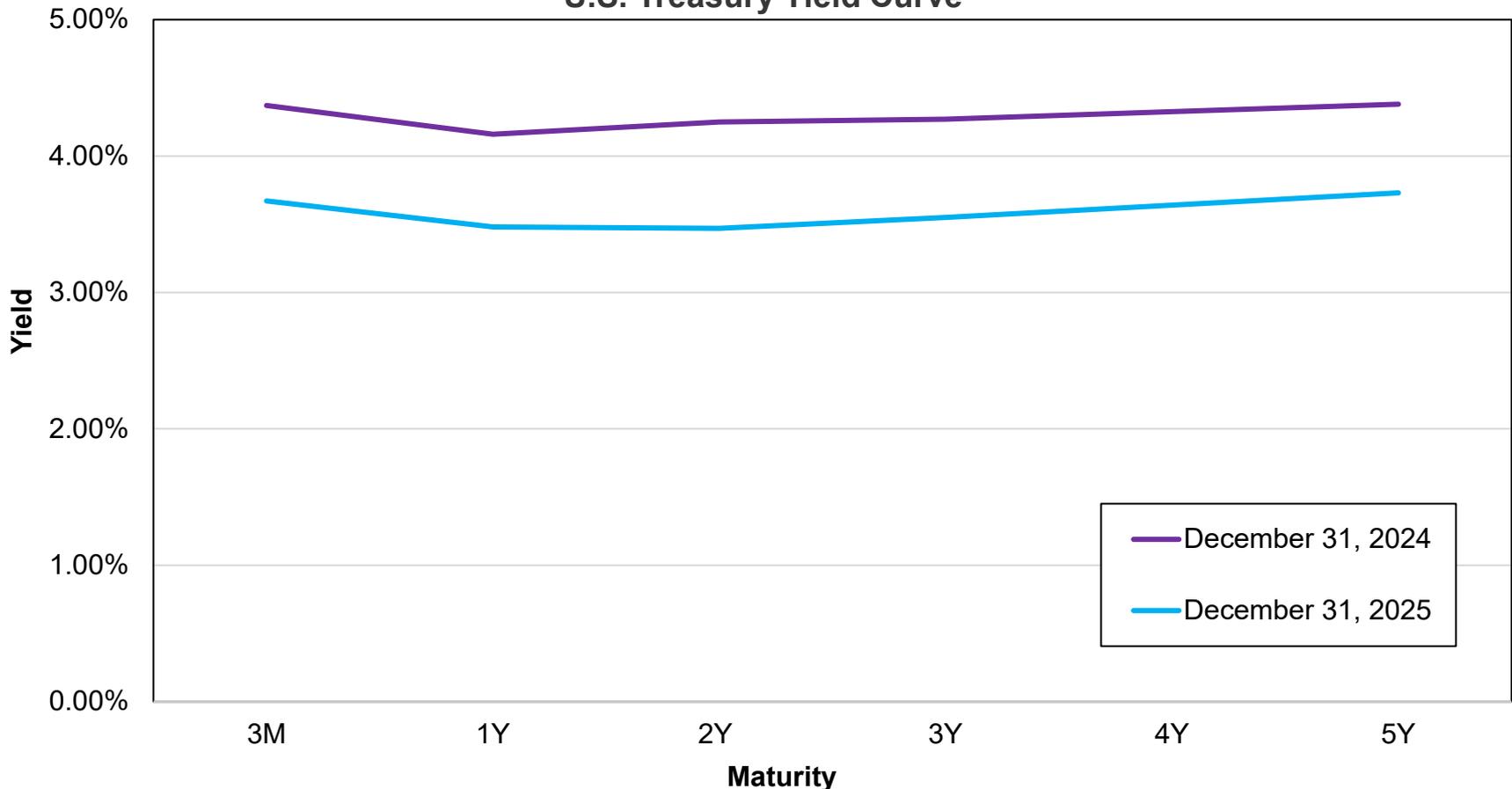
The BoA / ML indexes are unmanaged indexes tracking on-the-run Treasuries. These indexes are produced and maintained by Bank of America / Merrill Lynch & Co. Yield to maturity is the rate of return, based on the current market value, the annual interest receipts, maturity value and time period remaining until maturity, stated as a percentage, on an annualized basis.

Portfolio Snapshot - Market Overview and Outlook

U.S. Treasury Yields Lower Across the Curve

- The Federal Reserve cut rates as expected in December, bringing the new Federal Funds target range to 3.50% – 3.75%, as labor data continued to soften. The December meeting also produced an updated summary of economic growth projections. Compared to the September projections, this estimate included an increase in projected economic growth, no change to unemployment rate expectations, and a decrease in projected inflation for 2026, pointing to increased optimism for the economy.

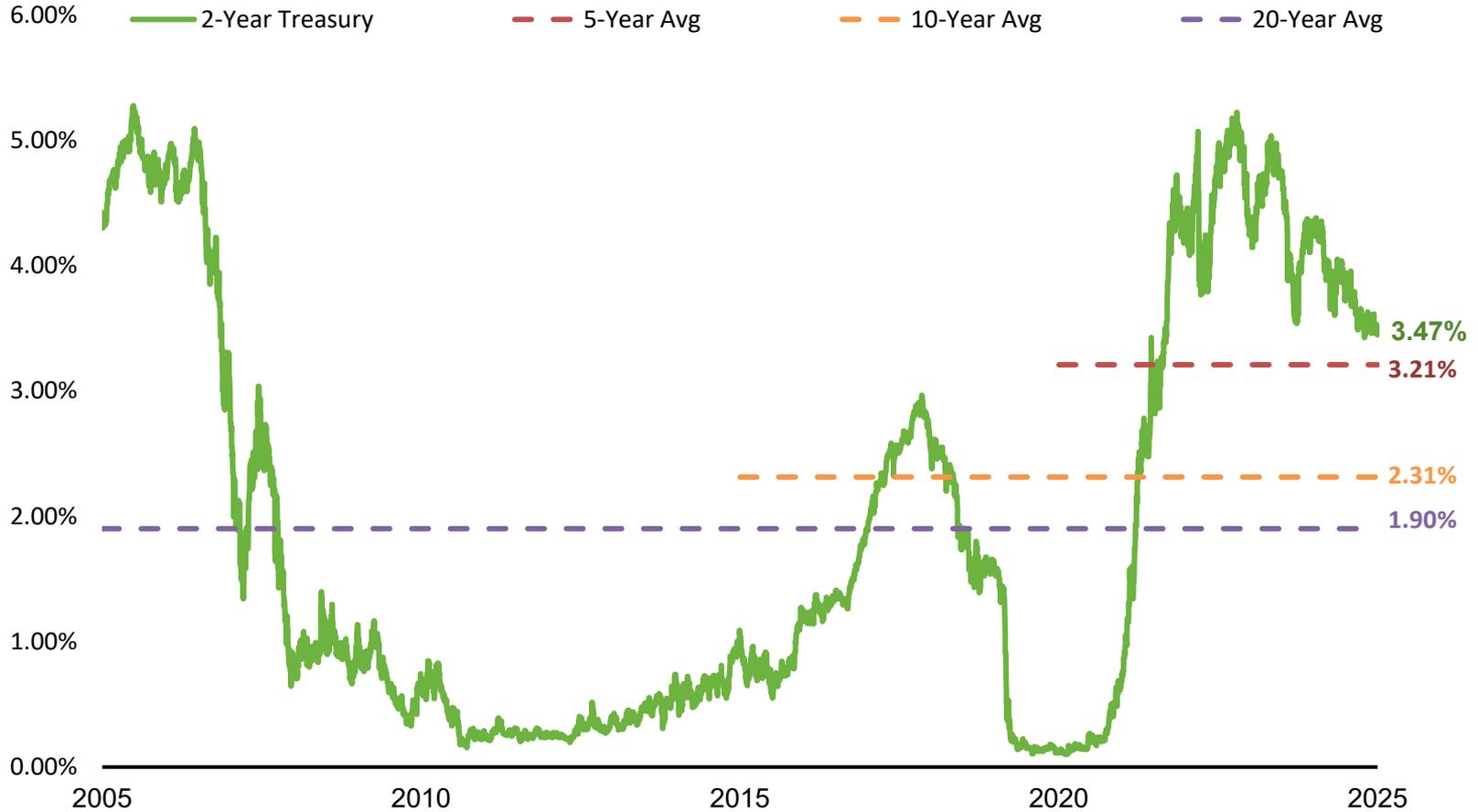
U.S. Treasury Yield Curve



Portfolio Snapshot

Treasury Yields Remain Above Historical Averages

2-Year Treasury Yield



Source: Bloomberg Finance L.P., as of December 31, 2025.

Portfolio Snapshot

Monthly Investment Income

(Book Value in 000's)

FY 2026 INVESTMENT INCOME BY MONTH (Unaudited)

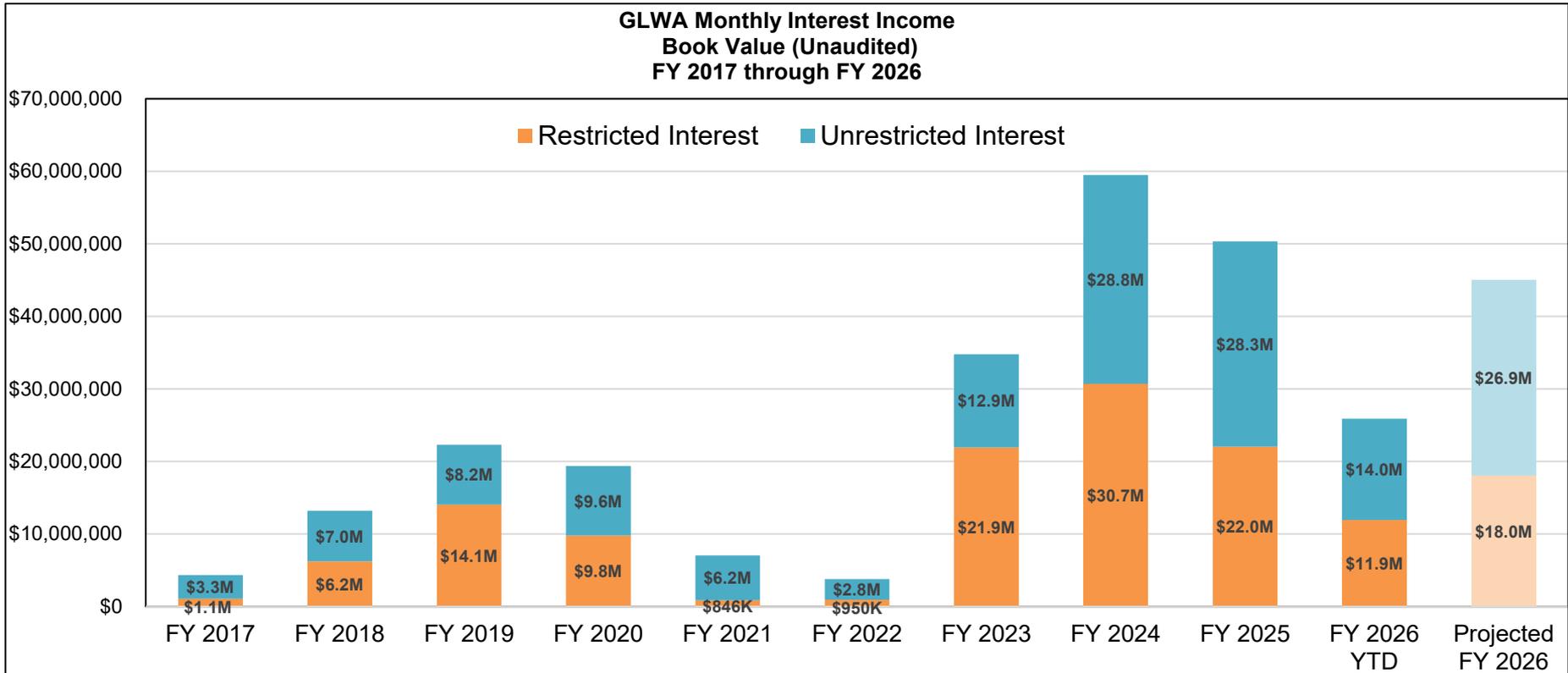
Month	Interest Earned During Period <i>(in thousands)</i>	Realized Gain / Loss <i>(in thousands)</i>	Investment Income <i>(in thousands)</i>
July 2025	\$4,277.5	\$0.0	\$4,277.5
August 2025	\$4,476.1	\$0.0	\$4,476.1
September 2025	\$4,330.4	\$0.0	\$4,330.4
October 2025	\$4,333.0	\$0.0	\$4,333.0
November 2025	\$4,177.7	\$0.0	\$4,177.7
December 2025	\$4,318.1	\$0.0	\$4,318.1
<u>FY 2026 Y-T-D</u>	<u>\$25,912.8</u>	<u>\$0.0</u>	<u>\$25,912.8</u>

These figures are based upon actual interest earned and posted to the Authority's various accounts via book value and does not include any earnings credit rate tied to the Authority's bank deposits.

Portfolio Snapshot

Year-Over-Year Investment Income

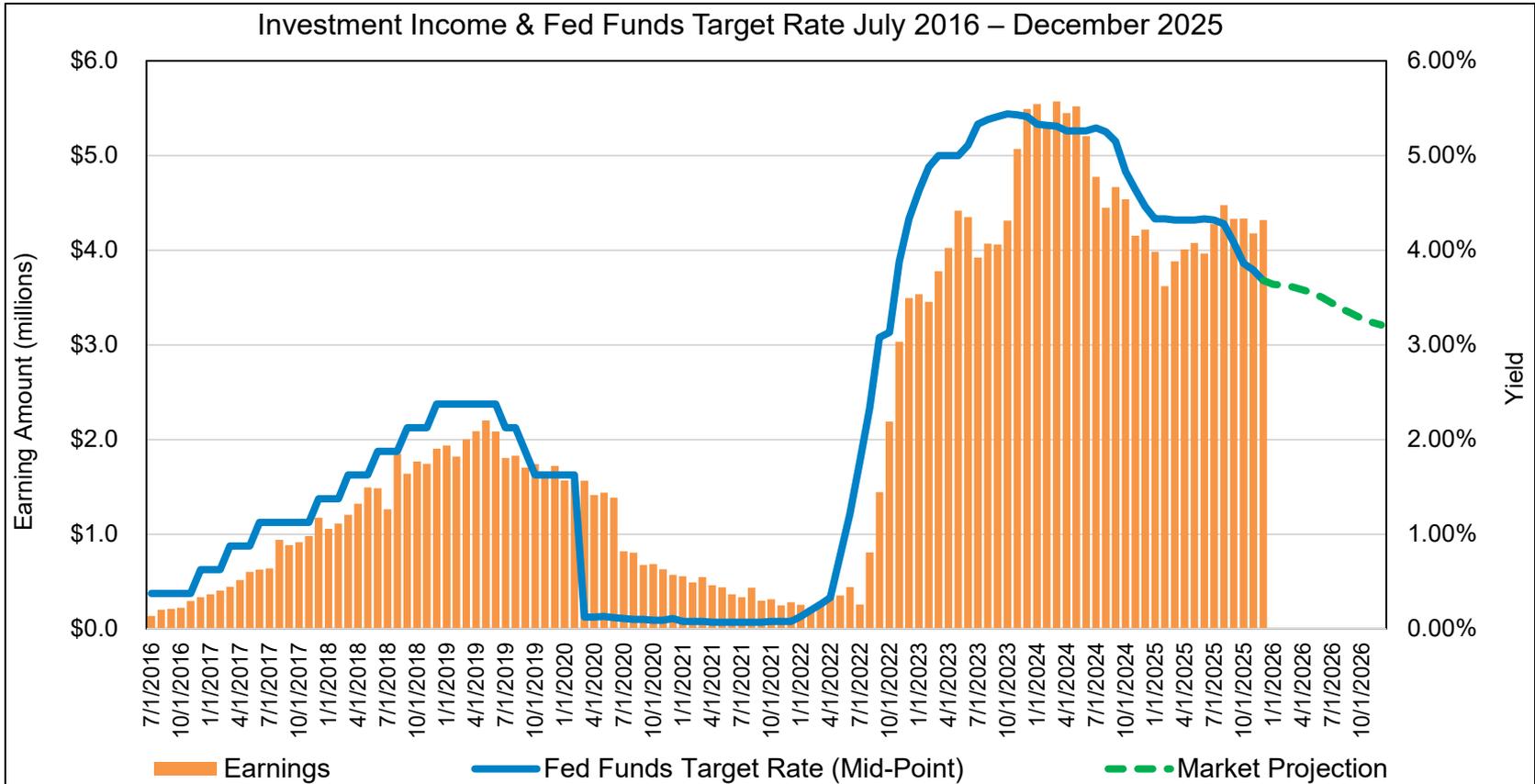
- GLWA earned \$25,912,776 in investment income for the first six months of fiscal year 2026 on a book value basis compared to \$26,798,245 for the first six months of fiscal year 2025.
- The Federal Reserve has emphasized a patient, data-dependent approach, noting that policy is now near the upper end of “loosely neutral.” With labor signals mixed but stable and inflation still above target but gradually easing, the market continues to expect two rate cuts in calendar year 2026 – likely in June and December, bringing the policy rate to 3.00% to 3.25%. Based on current market assumptions, projected total investment income for fiscal year 2026 is expected to be less than what was seen in FY 2025 due to recent Federal Reserve rate cuts.



Portfolio Snapshot

Monthly Investment Income Compared to Fed Funds Rate

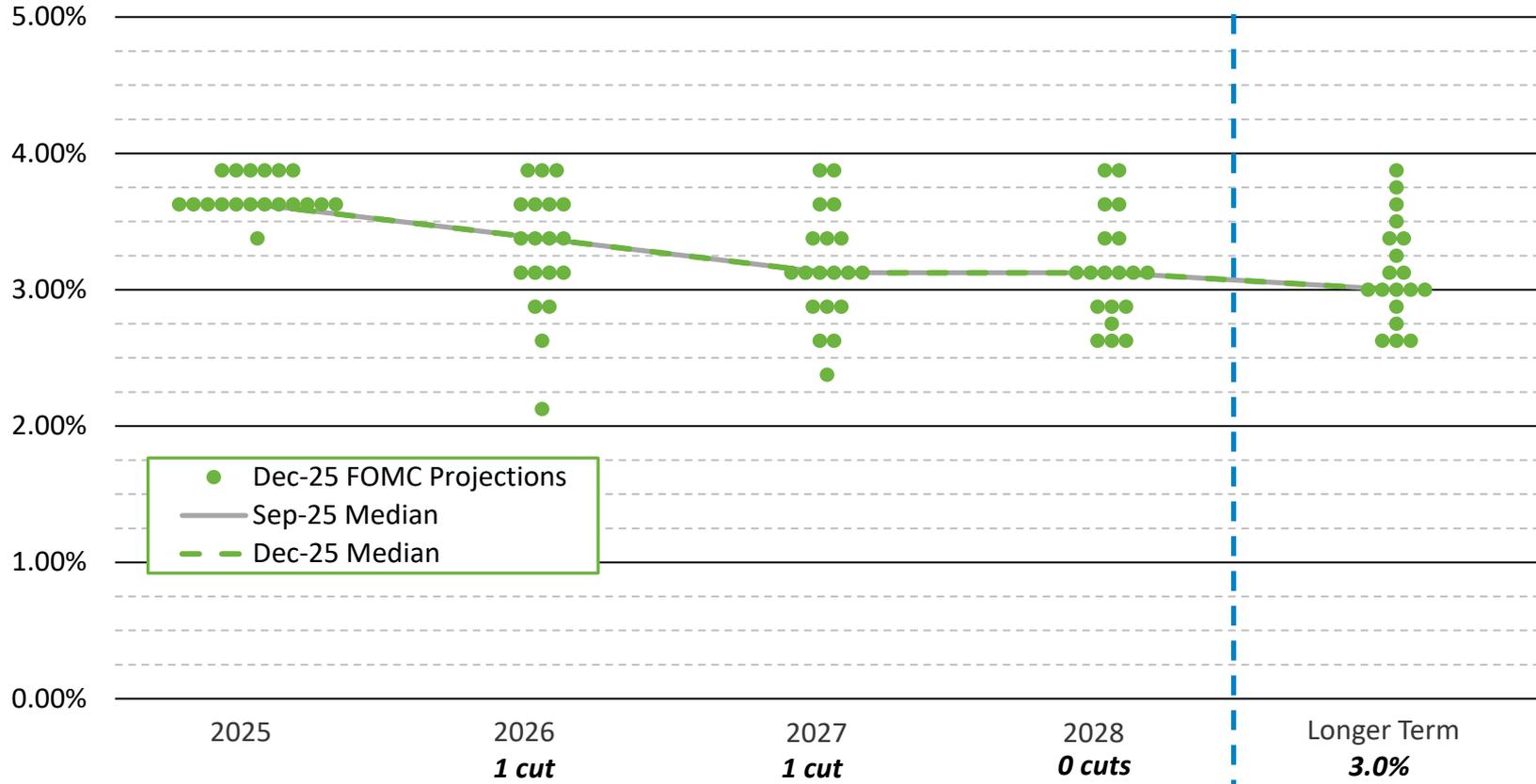
- At least 50% or more of the GLWA portfolio is designated for obligations that are 12 months or less. As a result of the short-term duration of GLWA’s portfolio, it is heavily impacted by changes in the Federal Funds target rate; the chart below illustrates that GLWA’s income has consistently followed the trend of the Fed Funds rate.
- The Fed remains data-dependent, with monetary policy now near the plausible range of neutral and, at most, modestly restrictive. Fed Chair Powell has recently described the economy as entering 2026 on a ‘firm footing,’ supported by resilient consumption and ongoing business investment, even as housing remains weak. Both upside inflation risks and downside employment risks have diminished, reinforcing the Fed’s case for patience going forward.



Portfolio Snapshot

The December Fed “Dot Plot”

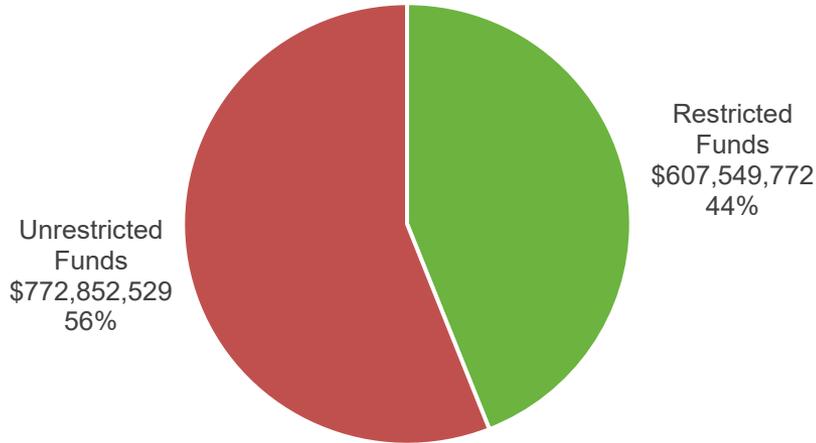
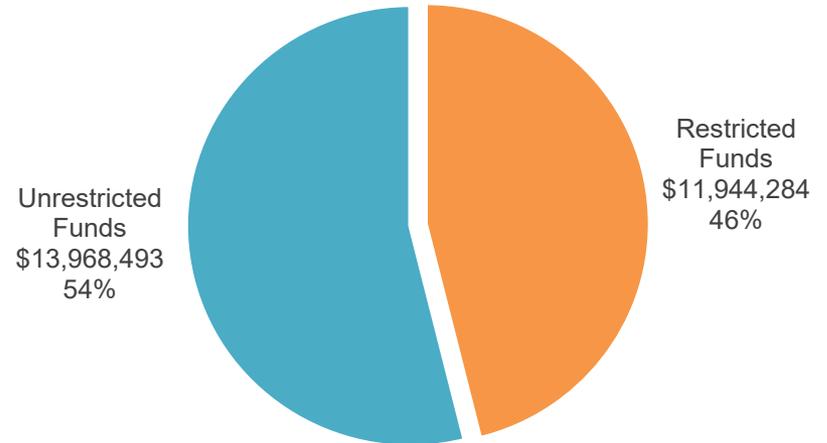
Fed Participants’ Assessments of ‘Appropriate’ Monetary Policy



Source: : FOMC Chair Jerome Powell Press Conference, December 10, 2025. Federal Reserve; Bloomberg Finance L.P.. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the Federal Funds rate at each year-end. As of December 2025.

Portfolio Snapshot

Allocation and Income by Fund Type

Bank Balance as of December 31, 2025

July 2025 – December 2025 Interest Earnings


Restricted Principal and Restricted Interest
Construction Bond Funds
Debt Reserves
Debt Service
Evergreen Farmington Regional Account

Unrestricted Principal Unrestricted Interest
Extraordinary Repair & Replacement Funds
Improvement & Extension
Operating & Maintenance
Receiving Funds (includes lockbox account)

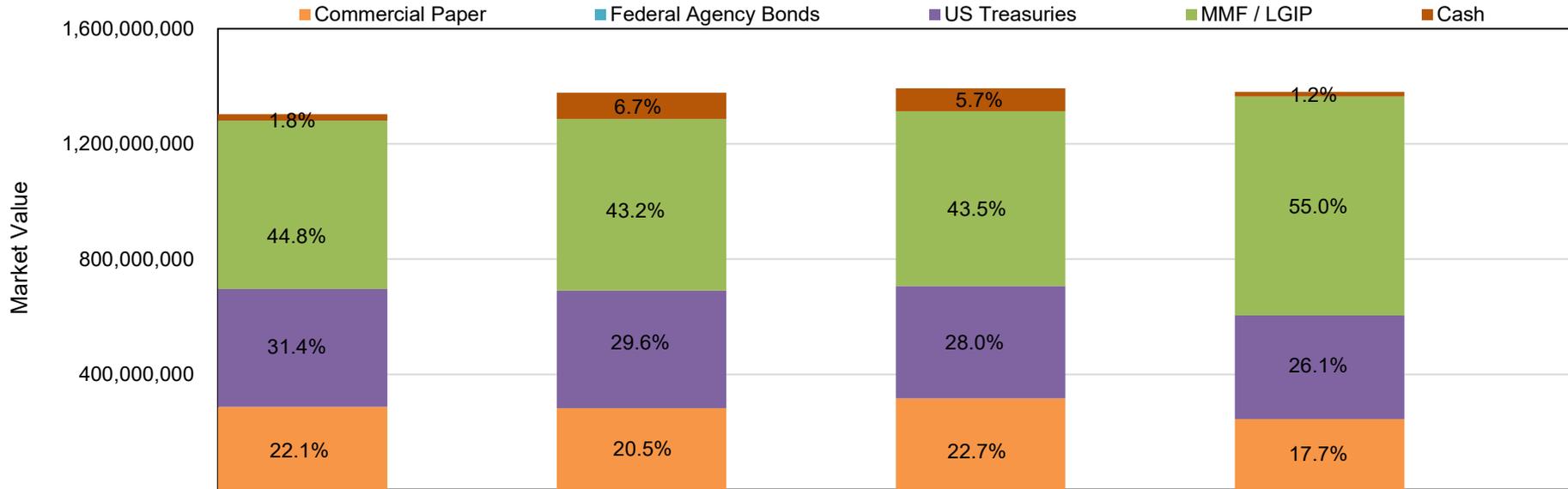
Restricted Principal Unrestricted Interest
Budget Stabilization Funds
Pension Obligation Funds
WRAP Funds

Note: Interest is sent to the Receiving Funds and can be used for operations

Note: Interest in I&E accounts is sent to the Receiving Funds and can be used for operations; DWSD's portion of the Receiving Funds is restricted and held in trust.

Portfolio Snapshot

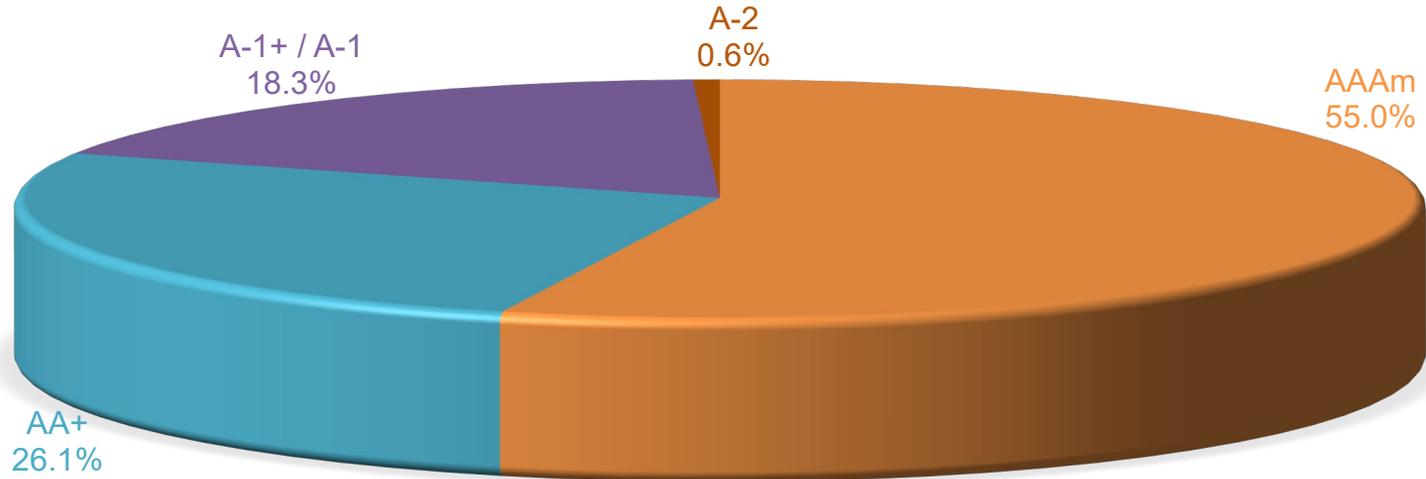
Investments – By Security Type



Security Type	September		October		November		December	
	Market Value	Asset Allocation						
Commercial Paper	287,498,592	22.1%	282,828,421	20.5%	316,745,048	22.7%	244,519,501	17.7%
Federal Agencies	-	0.0%	-	0.0%	-	0.0%	-	0.0%
U.S. Treasuries	409,117,938	31.4%	407,725,886	29.6%	390,388,151	28.0%	360,282,165	26.1%
MMF / LGIP	583,515,851	44.8%	595,298,618	43.2%	606,180,373	43.5%	759,652,289	55.0%
Cash	23,119,190	1.8%	92,173,992	6.7%	79,688,961	5.7%	15,948,346	1.2%
Total	1,303,251,571	100.0%	1,378,026,916	100.0%	1,393,002,534	100.0%	1,380,402,301	100.0%

Portfolio Snapshot

Investments – By Credit Quality

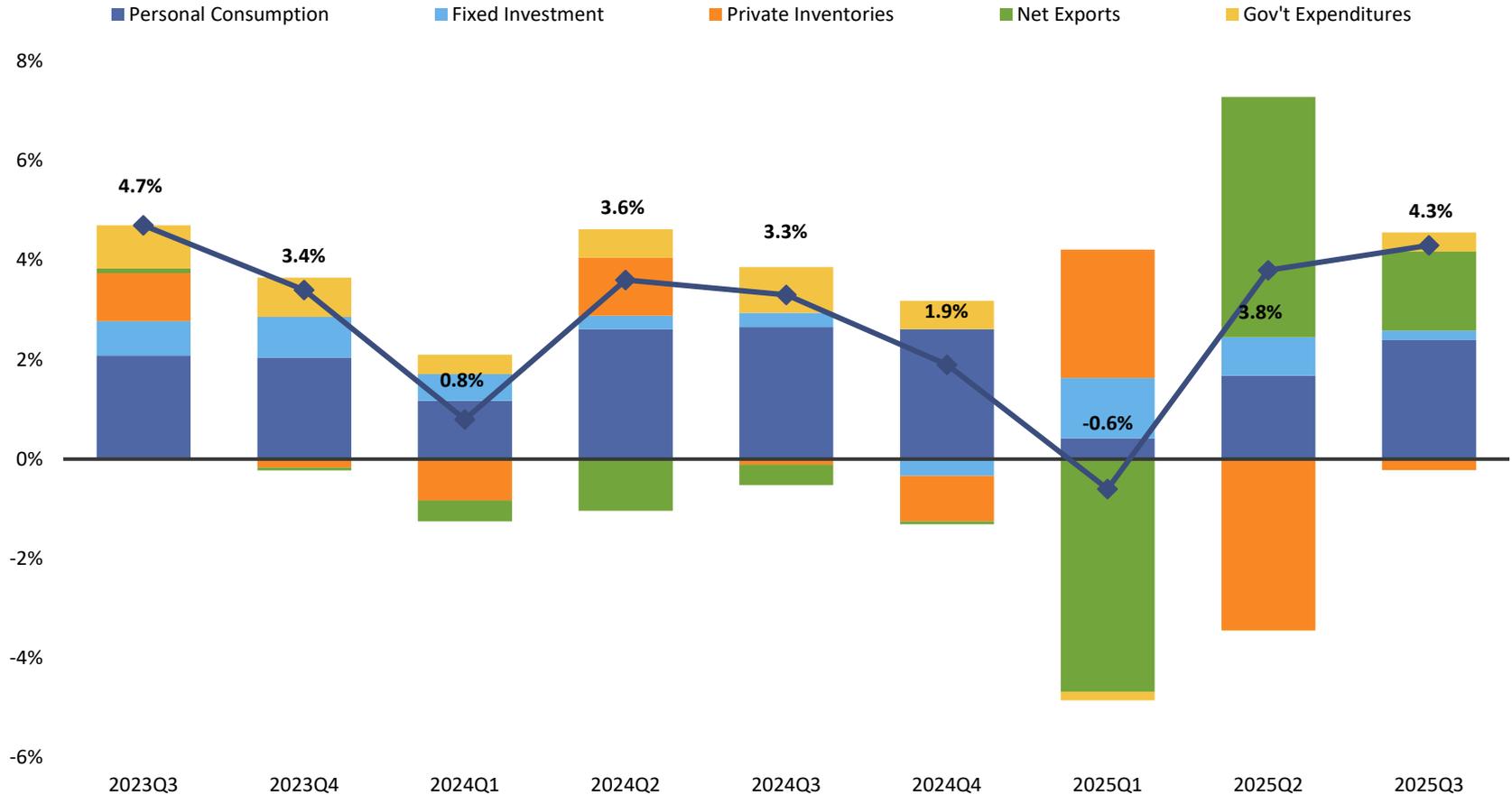


Credit Quality	Market Value	Asset Allocation
Ratings		
AAAm	759,652,289	55.0%
AA+	360,282,082	26.1%
A-1 + / A-1	251,950,068	18.3%
A-2	8,517,862	0.6%
NR	-	0.0%
Totals	1,380,402,301	100.0%

Appendix I: Economic Update

Gross Domestic Product

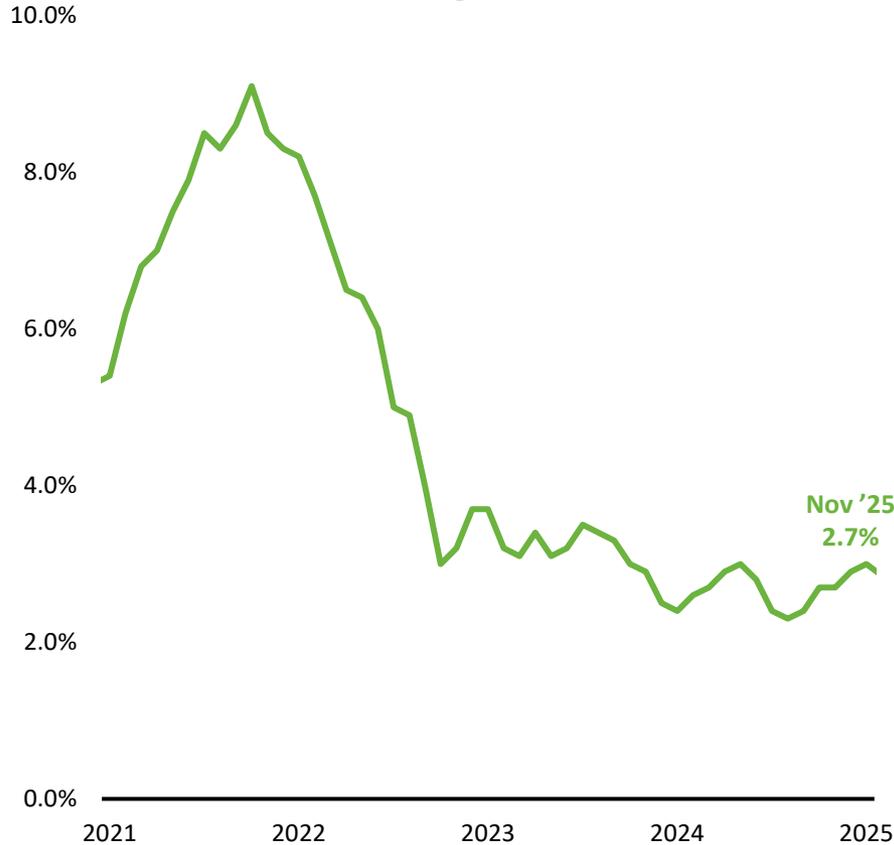
U.S. Real GDP Contributors and Detractors



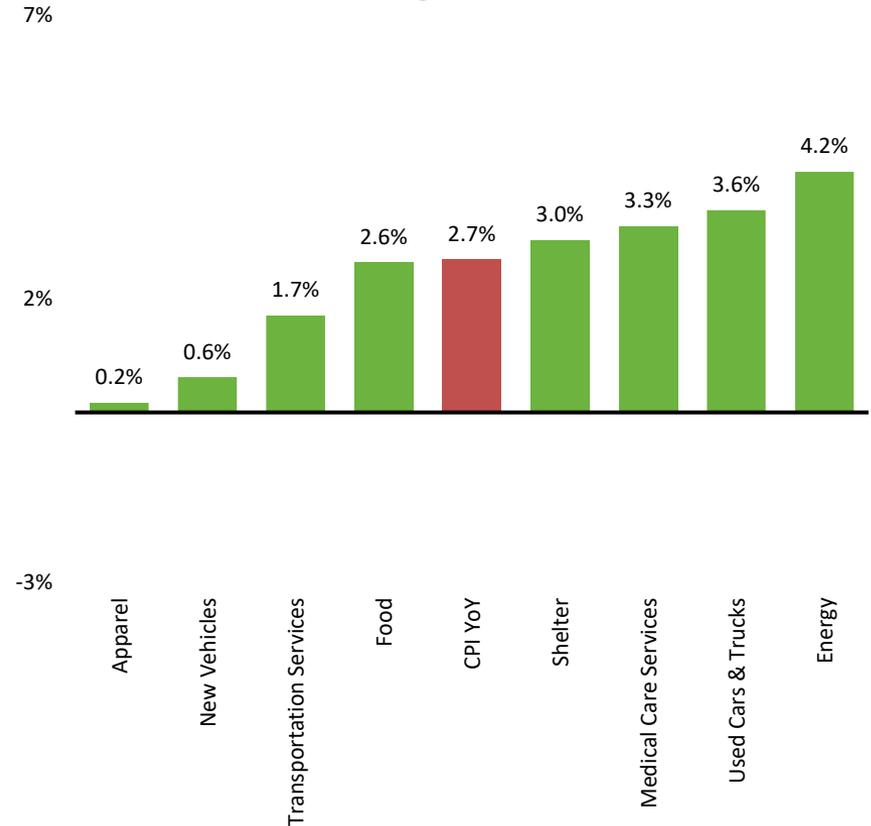
Source: Bloomberg Finance L.P., Bureau of Economic Analysis, as of September 2025.

Consumer Price Index

Consumer Price Index
% Change YoY



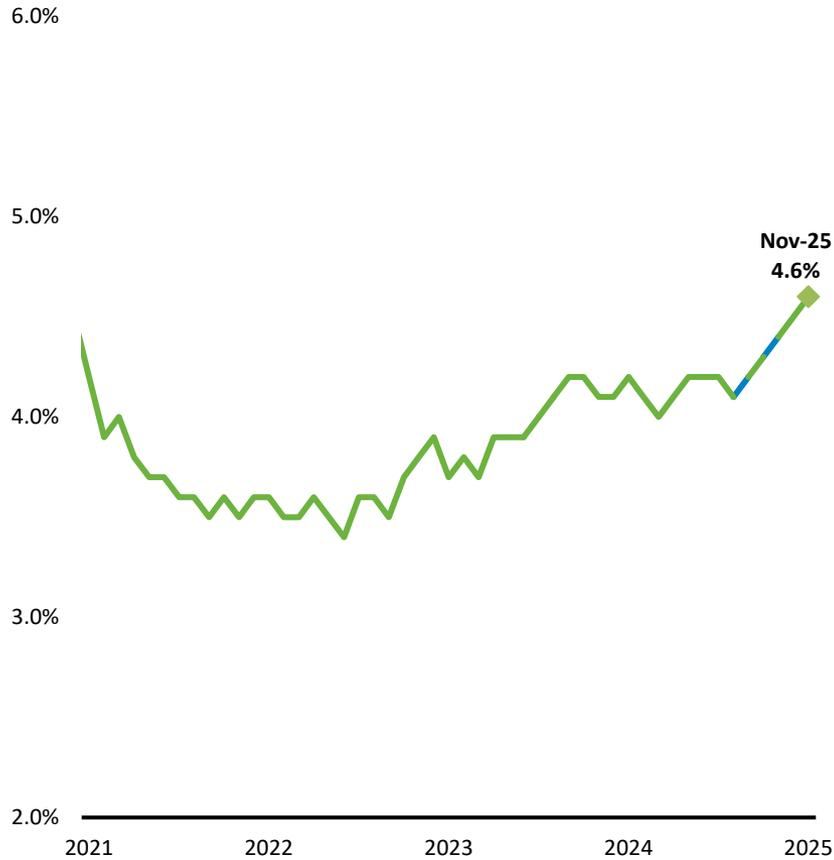
Key Consumer Price Index Components
% Change YoY



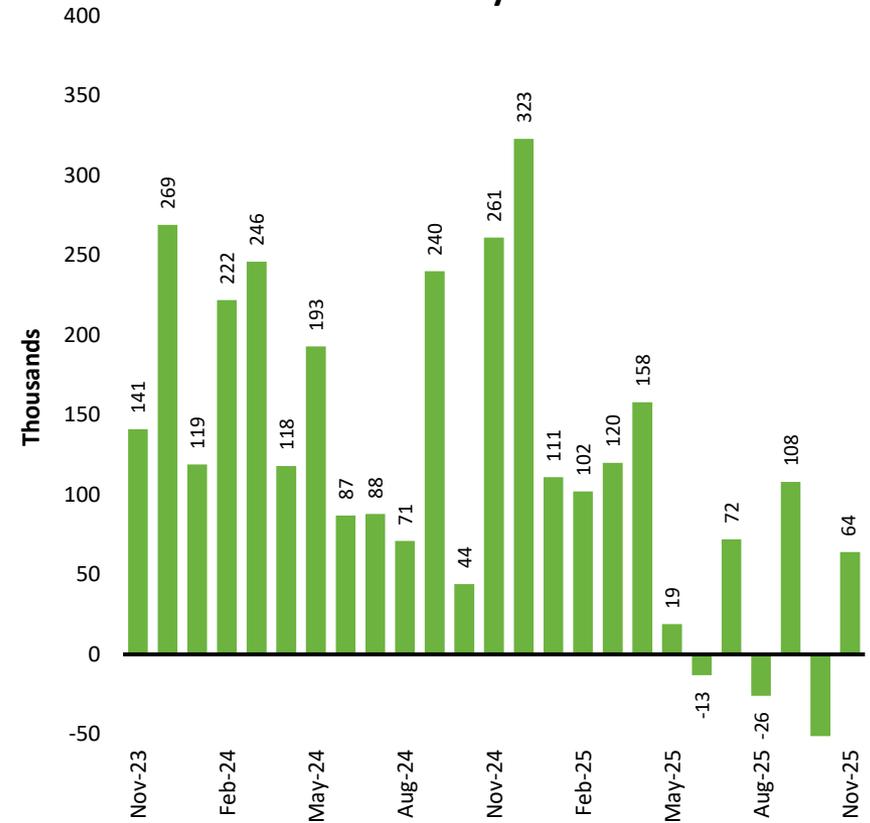
Source: Bloomberg Finance L.P., as of November 2025.

Labor Market Sends Mixed Signals

Unemployment Rate



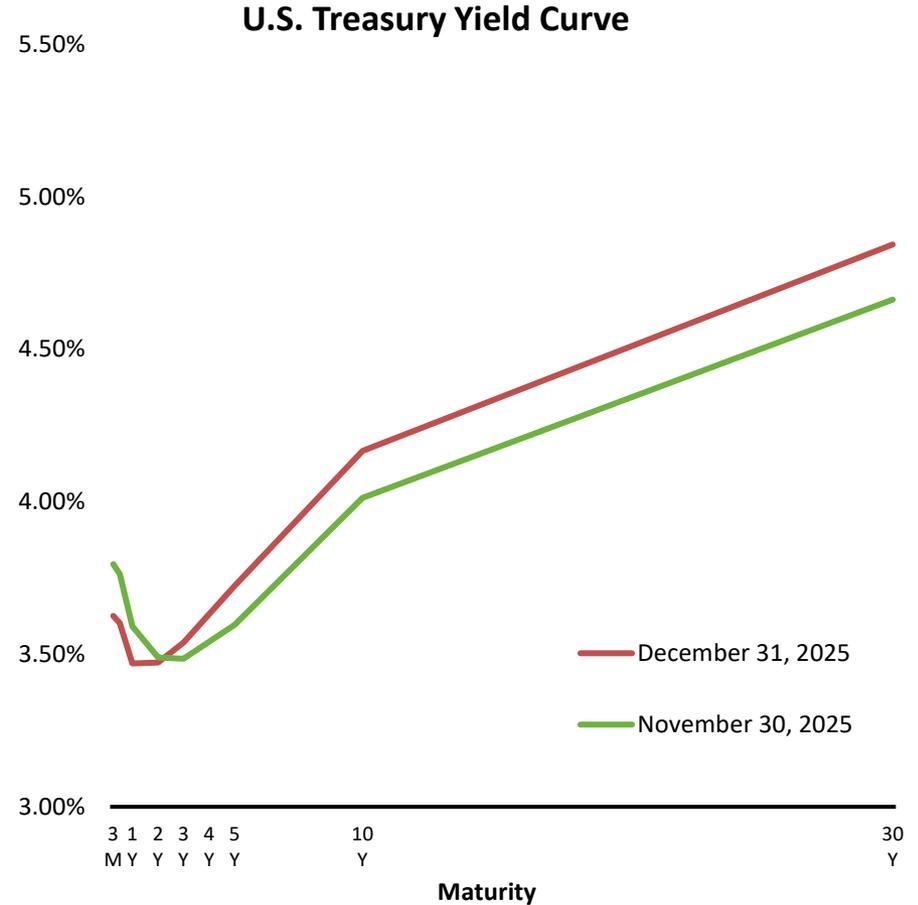
Monthly Change In Nonfarm Payrolls



Source: Bureau of Labor Statistics. Bloomberg Finance L.P., as of November 2025. Monthly change in nonfarm payrolls as of November 2025. Data is seasonally adjusted.

Treasury Yield Curve

	12/31/2025	11/30/2025	Change
3 month	3.63%	3.80%	-0.17%
1 year	3.47%	3.59%	-0.12%
2 year	3.47%	3.49%	-0.02%
3 year	3.54%	3.49%	0.05%
5 year	3.73%	3.60%	0.13%
10 year	4.17%	4.01%	0.16%
30 year	4.84%	4.66%	0.18%



Source: Bloomberg Finance L.P., as of 12/31/2025 and 11/30/2025, as indicated.

Fixed Income Market Overview and Outlook

FIXED INCOME MARKET – ECONOMIC HIGHLIGHTS

- The U.S. government shutdown halted the collection of key economic indicators, requiring the Federal Reserve (the “Fed”) and the market to rely on survey-based anecdotal evidence and private data reports
- The labor market continued to soften, and the unemployment rate edged higher
 - Core inflation moved lower but remained above the Fed’s 2.0% target
 - Gaps in data collection due to the government shutdown likely distorted the official data, though other available private sector data pointed to a slowdown in economic momentum
 - Labor markets continued to cool as net new job creation neared zero and the unemployment rate reached 4.5% in November before falling to 4.4% in December
 - However, layoffs remained low, suggesting employers are maintaining their “no hire, no fire” approach
- U.S. inflation decelerated modestly during the fourth quarter, though data collection issues and technical adjustments caused by the government shutdown may have biased the data lower
 - Headline CPI fell to 2.7% year-over-year and core CPI (ex food and energy) fell to 2.6% year-over-year
 - Federal Reserve Chair Powell noted inflation excluding tariffs is near 2.0%, suggesting the Fed is looking through these effects
- The Federal Reserve delivered two additional 25 basis point rate cuts in the quarter, lowering the Federal Funds target range to 3.50% – 3.75%
 - The median forecast from the Fed’s December “dot plot” showed an additional 25 basis point rate cut in both 2026 and 2027, but the wide dispersion in underlying projections underscores growing differences of opinion
 - Policymakers have acknowledged ongoing challenges to achieving their dual mandate of maximum employment and stable prices

Fixed Income Market Overview and Outlook

FIXED INCOME MARKET – ECONOMIC HIGHLIGHTS

- The first estimate of third quarter real gross domestic product (“GDP”) showed the economy grew at an annualized pace of 4.3%, the fastest rate in two years
 - Growth was driven by strong consumer and business spending and steadier trade dynamics
 - While the data was from the third quarter of calendar year 2025, it showed the economy was on solid footing heading into the government shutdown
- The U.S. Treasury yield curve steepened further in the quarter, led by a decline in short-term yields
 - Maturities less than six months fell by 30 – 50 basis points as a result of Fed policy
 - The 3-month U.S. Treasury ended the quarter at 3.63%, 31 basis points lower while the 2-year Treasury fell by 14 basis points to 3.47% and the 5-year Treasury fell by 2 basis points to 3.73%; the 10 and 30-year U.S. Treasury increased by 2 and 11 basis points to 4.17% and 4.84%, respectively
- Bond volatility has continued to fall significantly from April highs and has now reached the lowest levels in four years
 - Bond indexes generated positive returns for the quarter; the ICE BofA 3-month, 2-year, 5-year, and 10-year Treasury indexes returned 0.97%, 1.09%, 0.93%, and 0.83% for the quarter, respectively
 - Calendar year returns for longer-duration indices, except for the 30-year, outperformed shorter-duration indices in calendar year 2025; this marks the first time since 2020 that longer maturities have led annual performance
- Excess returns were strong across investment-grade sectors as investor demand and strong fundamentals kept spreads near multi-year lows
 - Federal Agency issuance remained limited, keeping spreads narrow and excess returns muted
 - Short-term credit (commercial paper) yield spreads remained attractive over the quarter; month-end funding pressures pushed repo rates above the upper bound of the Federal Funds rate, which created opportunities in overnight repo, floating rate securities, and commercial paper

Disclosure

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Financial Services Audit Committee Communication

Date: February 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Jeanette Driver MSA, Procurement Manager - B.I.D.

Re: Business Inclusion and Diversity (B.I.D.) Program Semi Annual Update

Background & Analysis: GLWA is committed to providing business opportunities for small, minority-owned, and disadvantaged businesses within GLWA service area. The attached report summarized B.I.D. activity for July 1, 2025 – December 31, 2025.

Proposed Action: Receive and file this report.

Program Background

On September 23, 2020, the GLWA Board of Directors expressed their desire to strengthen GLWA's commitment to the principles of affordability, equity, and inclusion. GLWA is committed to providing business opportunities to maximize opportunities for small, minority-owned, and disadvantaged businesses within GLWA's service area so that they may effectively compete and do business with GLWA. The objective of this effort is to further support economic development throughout the region, expand its pool of skilled resources, and improve competitive pricing in its procurements.

Program Data Summary July 1, 2025-December 31, 2025

The B.I.D. program data tables included below recap B.I.D. activity for GLWA procurements budgeted at \$1 million and greater.

Table 1 represents GLWA's 10 awarded contracts YTD totaling \$106.2 million under this program.

Table 1 - B.I.D. Program Overall Activity July 1, 2025 - December 31, 2025		
Quarter	Contracts Awarded	Amount Awarded
1 (July 1, 2025 - September 30, 2025)	8	\$ 81,410,575
2 (October 1, 2025 - December 31, 2025)	2	\$ 24,806,510
Total	10	\$ 106,217,085

Table 2 represents the scoreable section of the program broken down by quantity awarded and amount awarded.

Table 2 - B.I.D. Program Breakdown by Score Criteria July 1, 2025 - December 31, 2025		
Score Criteria*	Contracts Awarded	Amount Awarded
Michigan Qualifying	6	\$ 54,875,725
GLWA Member Partner Community	6	\$ 54,875,725
Economic Disadvantaged Territory**	3	\$ 37,107,024

* Single contracts can have multiple qualifiers

**All Awarded in the City of Detroit

Table 3 represents the program breakdown by diversity designation by quantity awarded and amount awarded. This Non-Scored Criteria refers to any diversity certifications that the vendor may hold as a Disadvantaged Business Enterprise (DBE), Minority-Owned Business Enterprise (MBE), Women-Owned Business Enterprise (WBE), or Small Business Enterprise (SBE).

Table 3 - B.I.D. Program Activity By Diversity Designation July 1, 2025 - December 31, 2025		
Designation	Contracts Awarded	Amount Awarded
DBE	2	\$ 20,996,020
SBE	1	\$ 5,863,445
MBE	2	\$ 23,881,895

Program Summary Data by Fiscal Year

Table 4 represents the program breakdown by number of contracts awarded and dollar amount. Since inception the B.I.D. program has awarded 118 contracts worth over \$2.1 billion dollars.

Table 4 - B.I.D. Program Summary By Year July 1, 2025 - December 31, 2025		
Fiscal Year	Contracts Awarded	Amount Awarded
2021	3	\$ 99,831,952
2022	31	304,331,004
2023	36	455,664,806
2024	18	485,746,701
2025	20	747,264,423
2026	10	106,217,085
Total	118	\$ 2,199,055,971

Key Achievements and Updates

During Fiscal Year 2026 YTD, the B.I.D. team participated in 13 vendor events. Focused on introducing GLWA to prospective suppliers and providing education on how to do business with GLWA. The Buy Detroit Procurement Readiness Forum and the Great Lakes Women's Business Council Conference are two of the key outreach events the B.I.D. team attended. These events serve as key opportunities to expand outreach, build and strengthen supplier relationships, and reinforce GLWA's presence and reputation within the regional business community.

Participation in outreach events and ongoing program improvements support GLWA's continued commitment to expanding its supplier base and advancing equitable access to

procurement opportunities. We are also collaborating with the GLWA Public Affairs team to revamp the B.I.D. Program branding, including updates to program marketing materials, website content, and visual identity. These efforts aim to improve clarity, accessibility, and alignment with GLWA's supplier engagement goals.



Financial Services Audit Committee Communication

Date: February 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Haran Stanley, Affordability & Assistance Manager

Re: Affordability & Assistance Update & WRAP Program Review

Affordability & Assistance Update

On Monday, February 9, 2026, the Detroit Board of Water Commissioners held a special meeting to approve a policy change to the Lifeline H2O Program. The change will now allow residents with an arrearage on their accounts to qualify for the program. This change was unanimously adopted. A copy of that policy is attached.

WRAP Program Review

The Affordability & Assistance team has prepared a report on WRAP activity for the period of July through December 2025. The report is included with this memo and provides an overview of WRAP spending and enrollments by service area.

Proposed Action: Receive and file this report.



WRAP Fiscal Year 2026 Mid-Year Review

**Presented to the Great Lakes Water Authority Audit Committee
On February 27, 2026**



Purpose of This Report

This report provides a review of the FY 2026 WRAP budget and spending for all areas serviced by WRAP as defined below:

- ✓ **Area 1** – The City of Detroit
- ✓ **Area 2** - The City of Flint
- ✓ **Area 3** – Wayne County (outside of the City of Detroit) and Monroe Counties
- ✓ **Area 4** – Oakland County
- ✓ **Area 5** – Macomb, Lapeer, and St. Clair Counties
- ✓ **Area 6** – Washtenaw County

Background

The GLWA program is the first of its kind in the country and collaborates with agencies such as Genesee County Community Action Resource Department (GCCARD), Macomb Community Action (MCA), United Way for Southeastern Michigan (United Way), and Wayne Metropolitan Community Action Agency (Wayne Metro). These partners provide WRAP services along with a range of other comprehensive services to residents throughout our region.

How does GLWA fund WRAP?

One-half of one percent (0.5%) of GLWA's budgeted revenues funds WRAP. Those funds are allocated across the service areas based on pro-rata revenue contributions.

WRAP Service Delivery Partners leverage additional funding from federal, state, and local sources to supplement WRAP funding to ensure households can continue to receive services.

Who is Eligible for WRAP?

- Households are eligible for WRAP if they meet the following criteria:
 - Reside within the GLWA service area
 - Demonstrate household income at or below 200% of the Federal Poverty Level (FPL)
 - Live in a home they own OR rent
- Categorical Eligibility: FIP/TANF, FAP, SNAP, SER, SSI, WAP
- If the household has no income, they may still qualify. Their bill credit award would be credited at \$25.
- Households with someone with a permanent disability or a person 62 years of age or older can participate for longer than two years, known as **WRAPfinity**

*Family Independence Program/Temporary Assistance for Needy Families (FIP/TANF), Food Assistance Program/Supplemental Nutrition Assistance Program (FAP/SNAP), State Emergency Relief (SER), Social Security Supplemental Income (SSI), Weatherization Assistance Program (WAP).

Bill Credits

Unique to each household

After applied, household pays ~3% of income

Rapid Assistance is available

Arrearage Assistance

Up to \$1,200 in Year 1

Up to \$1,200 in Year 2

Past Due or Shutoff status not required

Healthy Home/Conservation

Up to \$2,000 in services

Home Water Audit

Minor Plumbing Repairs

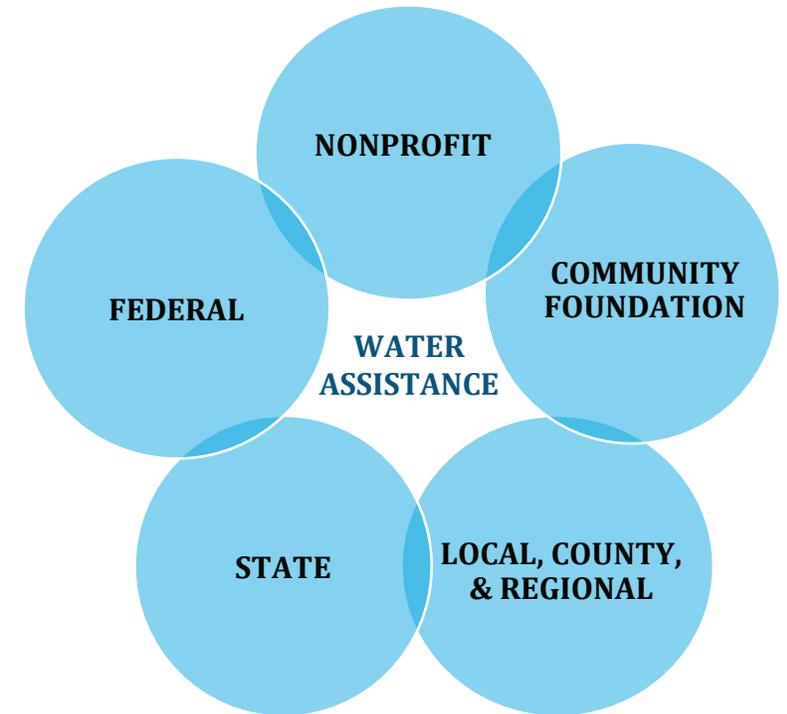
Water Assistance Network

WRAP Service Delivery Partners use funding from the water assistance network to leverage and supplement WRAP funding and ensure households may continue receiving services.

The Michigan House of Representatives has appropriated funding for water affordability that has been distributed by the Michigan Department of Health and Human Services.

These one-time appropriation dollars have been designated for distribution across the state, with programming administered by community action agencies.

- 💧 Program year 2024
 - 💧 1st allocation - \$25 Million
 - 💧 2nd allocation - \$60 Million
- 💧 Program year 2025 - \$10 Million
- 💧 Program year 2026 - \$5 Million
- 💧 Program year 2027 – \$0 as of February 27, 2026



GLWA WRAP Service Areas and Service Delivery Partners



	Promise Network, Inc.	Genesee County Community Action Resource Department	Wayne Metropolitan Community Action Agency	United Way for Southeastern Michigan	Macomb Community Action Agency
Area 1 - City of Detroit	✗				
Area 2 - City of Flint		✗			
Area 3 - Wayne and Monroe Counties			✗		
Area 4 - Oakland County				✗	
Area 5 - Macomb, Lapeer, St. Clair Counties					✗
Area 6 - Washtenaw County				✗	

GLWA WRAP FY 2026 Funding

The following slides provide a detailed view of each service area’s budget and spending.

WRAP FY 2026 Total Funding Area 1 - Area 6						
	FY 2026 Regional Funding (Wholesale)	FY 2026 Local Funding	FY 2026 Total New Funding	FY 2025 Carryforward	Total Available Funding	Total Spent (Jul 2025 - Dec 2025)
Area 1 (City of Detroit) *	\$ 1,251,200	\$ 2,372,900	\$ 3,624,100	\$ -	\$ 3,624,100	\$ 181,178
Area 2 (City of Flint)	27,000		27,000	8,780	35,780	4,705
Area 3 (**Wayne and Monroe Counties)	1,144,000		1,144,000	753,205	1,897,205	807,486
Area 4 (Oakland County)	1,250,000		1,250,000	1,361,570	2,611,570	786,885
Area 5 (Macomb, Lapeer, St. Clair Counties)	872,600		872,600	156,352	1,028,143	407,406
Area 6 (Washtenaw County)	63,700		63,700	85,315	149,015	55,902
Total	\$ 4,608,500	\$ 2,372,900	\$ 6,981,400	\$ 2,365,222	\$ 9,345,812	\$ 2,243,562

*Area 1 – City of Detroit Spending Reports for services from July 1 through December 31, 2025, were received in February 2026 and are under review.

** Wayne County – Outside of the City of Detroit.

- ◆ WRAP is one of multiple funding sources for the Detroit Water & Sewerage Department’s (DWSD) Lifeline H2O Program. DWSD is responsible for Lifeline H2O Program reporting.
- ◆ Local funding = Funds collected from DWSD customer through rates.
- ◆ Regional funding = Funds collected from GLWA member partner charges.

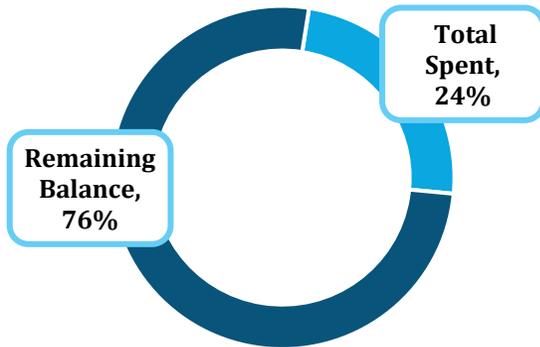
WRAP Usage Summary

Service Areas 1 – 6

2026 Fiscal Year: July 2025 – December 2025
(unaudited)

WRAP FY2026 FUNDING USAGE

■ Total Spent ■ Remaining Balance



3,143

new households enrolled in Direct Payment Assistance Services



194

new households enrolled in Conservation/ Healthy Home Services



132

new households enrolled in WRAPfinity



WRAP Highlights Areas 1 through 6



AREA 1: City of Detroit

FY 2026 (July 2025 – December 2025)

Promise.

DWSD’s Lifeline H2O Program is being administered by Promise Network Inc.

- 💧 Lifeline H2O Program began accepting applications in November 2025.
- 💧 The Program Funding Request reports for July 2025 through December 2025 were recently submitted to GLWA, and the review is in process.
- 💧 Conservation services, which include Home Water Audits and Minor Plumbing Repairs, are in the planning stages.
- 💧 1,521 households have been enrolled to receive Gap Payment Assistance from November 2025 through December 2025.



DWSD determines its own budget allocation using the available WRAP funds.

WRAP FY 2026 Funding			
	FY 2025 Carry Forward	Budget	Actual Spend*
Direct Assistance	\$ -	\$ 2,573,111	\$ 33,641
Conservation	-	398,651	-
Administration	-	652,338	147,537
Total	\$ -	\$ 3,624,100	\$ 181,178

*Submitted in February 2026 and is under review.

AREA 2: City of Flint

FY 2026 (July 2025 – December 2025)

Service Delivery Partner Genesee County Community Action Resource Department (GCCARD) provides WRAP services to residents throughout the City of Flint.

The numbers represented in this report are unaudited.



18
New Households enrolled in
Direct Payment Assistance



0
New Households enrolled in
Conservation / Healthy Home Services



0
New Households enrolled in
WRAPfinity



Actual Spend (Program Utilization) to
Date for FY 2026 Reflects **13%** of
Available Funding

WRAP FY 2026 Funding			
	FY 2025 Carry Forward	Budget	Actual Spend
Direct Assistance	\$ 594	\$ 18,360	\$ 4,659
Conservation	2,266	4,590	-
Administration	5,920	4,050	23
Total	\$ 8,780	\$ 27,000	\$ 4,682

The Direct Assistance spend shown above reflects bill credits for new and continuing enrollments from the previous fiscal year.

SDP Updates:

- 💧 GCCARD is in the process of contracting a conservation vendor.
- 💧 GCCARD is also recruiting for the Neighborhood Service Center Manager role.

AREA 3: Wayne & Monroe Counties FY 2026 (July 2025 – December 2025)

Service Delivery Partner Wayne Metropolitan Community Action Agency provides WRAP services to residents throughout Wayne County (Outside of the City of Detroit) and portions of Monroe County.

The numbers represented in this report are unaudited.



433
New Households enrolled in
Direct Payment Assistance



133
New Households enrolled in
Conservation / Healthy Home Services



24
New Households enrolled in
WRAPfinity



Actual Spend (Program Utilization) to Date for FY 2026 Reflects **43%** of Available Funding

WRAP FY 2026 Funding			
	FY 2025 Carry Forward	Budget	Actual Spend
Direct Assistance	\$ 642,427	\$ 777,920	\$ 629,106
Conservation	23,052	194,480	130,440
Administration	87,726	171,600	47,940
Total	\$ 753,205	\$ 1,144,000	\$ 807,486

The Direct Assistance spend shown above reflects bill credits for new and continuing enrollments from the previous fiscal year.

SDP Updates:

- 💧 Wayne Metro continues to assess the direct assistance needed against the WRAP and other grant funding.
- 💧 Wayne Metro continues to work towards increased outreach in Monroe County.

AREA 4: Oakland County

FY 2026 (July 2025 – December 2025)

Service Delivery Partner United Way for Southeastern Michigan provides WRAP services to residents throughout Oakland County and Washtenaw County.

The numbers represented in this report are unaudited.



503
New Households enrolled in
Direct Payment Assistance



0
New Households enrolled in
Conservation / Healthy Home Services



38
New Households enrolled in
WRAPfinity



Actual Spend (Program Utilization) to Date for FY 2026 Reflects **30%** of Available Funding

WRAP FY 2026 Funding			
	FY 2025 Carry Forward	Budget	Actual Spend
Direct Assistance	\$ 754,568	\$ 850,000	\$ 640,755
Conservation	325,954	212,500	-
Administration	281,048	187,500	146,130
Total	\$ 1,361,570	\$ 1,250,000	\$ 786,885

The Direct Assistance spend shown above reflects bill credits for new and continuing enrollments from the previous fiscal year.

SDP Updates :

- United Way recently signed a contract with Benkari, LLC to serve as their Conservation vendor.

AREA 5: Macomb, Lapeer, and St. Clair Counties



FY 2026 (July 2025 – December 2025)

Service Delivery Partner Macomb Community Action (MCA) provides WRAP services to residents throughout Macomb County and portions of St. Clair and Lapeer Counties. *The numbers represented in this report are unaudited.*

 **550**
New Households enrolled in
Direct Payment Assistance

 **61**
New Households enrolled in
**Conservation / Healthy Home
Services**

 **70**
New Households enrolled in
WRAPfinity



Actual Spend (Program Utilization) to
Date for FY 2026 Reflects **40%** of
Available Funding

WRAP FY 2026 Funding			
	FY 2025 Carry Forward	Budget	Actual Spend
Direct Assistance	\$ 48,448	\$ 572,426	\$ 272,972
Conservation	88,565	143,106	50,977
Administration	19,339	157,068	83,458
Total	\$ 156,352	\$ 872,600	\$ 407,406

The Direct Assistance spend shown above reflects bill credits for new and continuing enrollments from the previous fiscal year.

SDP Updates :

- 💧 MCA has increased services across Lapeer County.
- 💧 Macomb has also increased WRAPfinity enrollments – there are 70 new enrollments this fiscal year.

AREA 6: Washtenaw County

FY 2026 (July 2025 – December 2025)

Service Delivery Partner United Way for Southeastern Michigan provides WRAP services to residents throughout Oakland County and Washtenaw County.

The numbers represented in this report are unaudited.

 **62**
New Households enrolled in
Direct Payment Assistance

 **0**
New Households enrolled in
Conservation / Healthy Home Services

 **0**
New Households enrolled in
WRAPfinity



Actual Spend (Program Utilization) to
Date for FY 2026 Reflects **38%** of
Available Funding

WRAP FY 2026 Funding			
	FY 2025 Carry Forward	Budget	Actual Spend
Direct Assistance	\$ 30,573	\$ 43,316	\$ 47,202
Conservation	8,737	10,829	-
Administration	46,005	9,555	8,701
Total	\$ 85,315	\$ 63,700	\$ 55,902

The Direct Assistance spend shown above reflects bill credits for new and continuing enrollments from the previous fiscal year.

SDP Updates :

-  United Way recently signed a contract with Benkari, LLC to serve as their Conservation vendor.
-  United Way continues to build a relationship with the GLWA Member Partners in Washtenaw County.

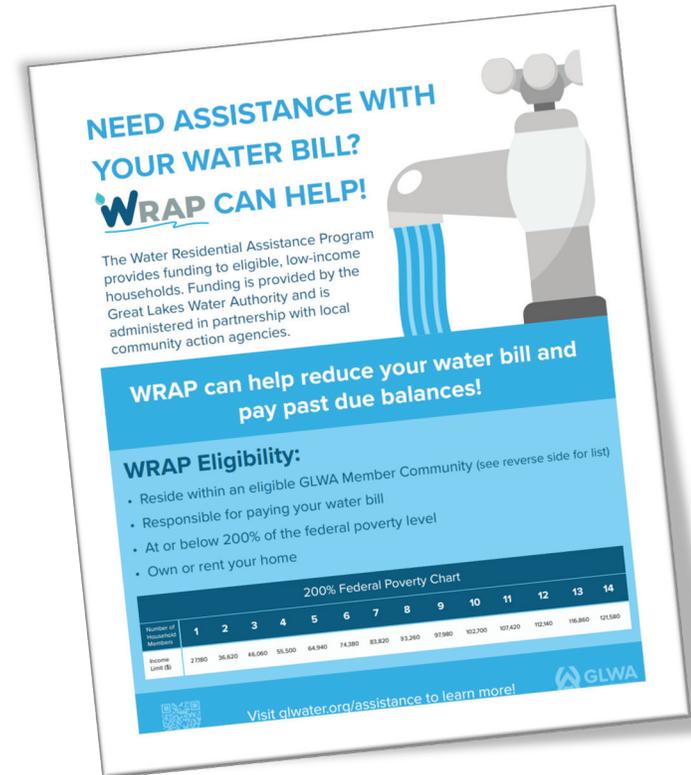


KEY TAKEAWAYS

- ◆ WRAP Areas 1 – 6 have used 24% of the funding available for FY 2026.
- ◆ GCCARD is establishing itself as a new WRAP vendor and building upon its existing presence in the City of Flint.
- ◆ MCA continues to navigate a high call volume, braiding multiple funding sources for households, and is currently managing a two-month waitlist.
- ◆ United Way has a contract with Benkari, LLC as its conservation vendor for Area 4 and Area 6.
- ◆ Conservation activity is expected to increase over the next six months as three service areas finalize new vendor contracts.
- ◆ Wayne Metro continues to conduct outreach with the GLWA member partners and households.

WRAP Toolbox

- 💧 Visit www.glwater.org/assistance
- 💧 Email WRAP@glwater.org
- 💧 WRAP Materials:
 - 💧 Service Delivery Partner Information
 - 💧 Flyers
 - 💧 Frequently Asked Questions
 - 💧 Infographics



Policy Title:	Lifeline H₂O Plan Administration		
	OFFICE OF THE CHIEF FINANCIAL OFFICER	Category	Lifeline H ₂ O Plan
		Administrative Policy #	500-CS-Lifeline Plan
		Revision #	3
		Review Frequency	Every six months as funding exists
Administrative Division	Billing & Collections	Reviewed By	Chief of Staff, General Counsel, Chief Customer Service Officer; Finance Department
BOWC Approval	6/28/2022; amended 4/19/23; amended 5/15/23; amended 10/16/2024	Last Reviewed/Update Date	4/19/2023; 5/15/2023; 10/16/2024; 12/17/2025; 02/04/2026
Implementation Date	8/1/2022	Resolution #	22-0858; amd. 23-0100; amd. 24-0205

1. OBJECTIVES

1.1. To outline Detroit Water and Sewerage Department’s (DWSD) **Lifeline H₂O Plan**.

2. PURPOSE

- 2.1. The DWSD acknowledges there are residents in our community who are unable to pay their full water, sewerage and drainage bill because their household income is below certain poverty indicators. Service interruptions are not a viable collection tool for these low-income customers. Non-Residential customers and residential customers with the ability to pay are still subject to a service interruption for non-payment.
- 2.2. Water affordability experts and advocates have long recommended that the cost of water and sewerage services be based on household income to ensure equitable access. DWSD’s updated approach establishes an affordable fixed bill amount for households earning up to 200% of the Federal Poverty Level. Households in need of plumbing repairs will be referred to community-based resources when available. The program may be supported by a combination of federal, state, and philanthropic funding, as well as DWSD’s allocation of Water Residential Assistance Program (WRAP) funds.
- 2.3. DWSD will vigorously advocate for long term funding to continue the Lifeline H₂O Plan beyond the anticipated availability of existing funding resources. DWSD also commits to receiving feedback on this plan to assess refinements and improvements.
- 2.4. This policy shall remain in effect provided funding is available to cover the payment gap between the fixed bill amount and the actual bill.
- 2.5. This policy establishes roles and responsibilities for the Plan components.

3. DEFINITIONS

“Account Holder” means the individual whose name appears on the active Detroit Water & Sewerage Department (DWSD) account for a single-family residential property. The Account Holder must reside at the service address and be legally responsible for charges billed to the account. Tenants are only considered Account Holders if the DWSD account is formally established in their name.

“Affordability” means that residential customers can pay for water, sewerage, and drainage services, regardless of their income, without having to forgo other necessary expenses such as housing, food, medication, transportation, or other utilities. Water is affordable when cost or program enrollment are never barriers to accessing safe, clean,

reliable water services, bills can be paid in full, on time, and do not incur compounding debt.

“Arrearages” for purposes of this policy means all unpaid past due amounts prior to enrollment in the DWSD Lifeline Plan.

“Assistance” can be defined as a discount or other form of financial assistance on water services, such as debt forgiveness.

“CCF” means centum cubic feet of water. One CCF is equivalent to 748 gallons.

“Gap Amount” means the difference between the Lifeline H₂O payment and the actual charges included with Lifeline H₂O Plan Services.

“Lifeline H₂O Plan Services” means water and sewer consumption up to the allocated CCF based on household size, plus related services charges, plus assessed drainage charges.

“Payment Plan” means DWSD’s EasyPay Plan or its equivalent.

“Program Arrearage” means an unpaid amount due after enrollment in the Lifeline H₂O Plan that appears as a “Balance Forward” on the Customer’s bill.

“Water Conservation Measures program” or “Conservation program” means a water audit to determine whether unnecessary, unconsumed water loss occurs in the household, the nature of plumbing repairs required to prevent such loss, including but not limited to the installation of water saving measures and repair of internal plumbing fixtures necessary to prevent water loss.

4. SCOPE

4.1. This policy applies to all Account Holders who applied for or are enrolled in the Lifeline H₂O Plan.

4.2. This Lifeline H₂O Plan applies only to single family residences.

5. RESPONSIBILITIES

5.1 Account Holder

5.1.1. Account Holder must abide by the DWSD Water and Sewerage Service Terms and Conditions Agreement.

5.1.2. To the extent possible, Account Holder must agree to allow DWSD and its affiliates to communicate with them including but not limited to electronic means, including phone, voicemail, automated messages, email, text/SMS, and/or other electronic means as a method of communicating important account and water usage information on an as needed basis. Translations from English to French, Spanish, Arabic, and Bengali will be made available to customers in need. For those with lack of access to online communications, paper-only communications will be made available.

5.1.3. Account Holder must apply for the Lifeline H₂O Plan.

5.1.4. Account Holder must have a functioning water meter and equipment in their residence that can record and transmit actual usage.

5.1.5. Account Holder must agree to upgrades in metering system as they become available.

- 5.1.6. Account Holder must agree to participate in water conservation measures, audits, and plumbing repairs, if necessary and or requested by DWSD.
- 5.2.1. Lifeline H₂O Customer Service Determines Account Holder eligibility and enrolls eligible Account Holders into the Lifeline H₂O Plan, and provides enrollment reports by account.
- 5.2.2. Determines compliance regarding the use of assistance funds and maintains ongoing records of the amounts and sources of assistance utilized for each customer for each billing cycle.
- 5.2.3. For enrolled Account Holders whose monthly water consumption exceeds the allocated CCF for three consecutive months, places Account Holder in the Water Conservation Measures program, which may include an in-home water conservation audit, a conservation kit, and referrals to community action agencies for any necessary plumbing repairs. Water conservation measures are based on a first come first serve basis as funding and budget allows.
- 5.2.4. Provides monthly enrollment reports, which denote enrolled Account Holders to be applied during the billing cycle.
- 5.2.5. Refers customers to partner agencies, as needed, for payment assistance, plumbing repairs, and other community support programs.
- 5.2.6. Flags enrolled accounts in the Customer Information System (CIS) to ensure accounts remain protected against water service interruptions.

5.3. DWSD – Finance Department

- 5.3.1. Tracks statistical information for monthly reporting to Board of Water Commissioners.

5.4. DWSD - Public Affairs

- 5.4.1. Executes education and outreach campaign regarding Lifeline H₂O Plan, including, but not limited to, community meetings, door hangers, door-to-door outreach, mailings, social media, and outbound calls.

6. POLICY

6.1. Application to Lifeline H₂O Plan

- 6.1.1. Account Holders who are eligible for SNAP¹ benefits, LIHEAP benefits or Medicaid may be deemed income eligible to apply for Lifeline H₂O Plan.
- 6.1.2. Account Holders must submit an application to DWSD, which will determine eligibility for the Lifeline H₂O Plan.
- 6.1.3. To participate in the Lifeline H₂O Plan, Account Holders must allow DWSD or its partner(s) to enter their home to inspect and/or install and/or upgrade their metering system to ensure accurate reads.
- 6.1.4. DWSD or its partner(s) will evaluate household income to determine Account Holder's eligibility for the Lifeline H₂O Plan.
- 6.1.5. Account Holders who are determined to be income eligible will remain in the Lifeline H₂O Plan as long as they remain income eligible and otherwise comply with all Plan requirements, and as long as funding exists to support the Plan for the enrollment period.

6.2. Calculation of Lifeline H₂O Plan Payment

- 6.2.1. Monthly Payment Amount. **Eligible Account Holders enrolled in the Lifeline H₂O Plan will be charged a fixed monthly amount of \$34 for water, sewer, drainage, and service charges.**

Usage Included. The fixed monthly bill amount includes up to 6 CCF of water usage per billing cycle.

- 6.2.2. **Consumption Over the Monthly Allotment.** Account Holders who exceed the monthly 6 CCF allotment will be charged standard published rates for each additional CCF of water and sewer usage.

6.2.3. **Example:**

A Lifeline H₂O customer uses 8 CCF of water during one billing period. Under the plan, the Account Holder pays a fixed monthly bill amount of \$34 for up to 6 CCF of water and sewer service. Because the Account Holder used 2 CCF over the included amount, they are charged the standard published DWSD rates for excess usage.

- Water overage: 2 CCF × \$4.95 = \$9.90
- Sewer overage: 2 CCF × \$6.10 = \$12.20

Total overage charges: \$9.90 + \$12.20 = \$22.10

Total amount due: \$34 + \$22.10 = \$56.10

- 6.2.4. In addition to the \$34 fixed amount and any overage charges, the total amount due may include adjustments, past-due balances, and other applicable fees as defined elsewhere in this policy.

6.3. Water Conservation Measures to Reduce Monthly Bill

- 6.3.1. DWSD will notify enrolled Account Holders when there is water usage during non-peak hours (12 a.m. to 4 a.m.) in any month so that Account Holder can take action to prevent going over the allocated CCF or to address any leaks inside the home. (See also, Section 6.3.3.)

- 6.3.2. Account Holders may monitor their usage using DWSD's Customer Portal at csportal.detroitmi.gov.

6.3.3. When usage exceeds the allocated CCF monthly allotment for three consecutive months during enrollment in the Lifeline H₂O Plan, DWSD may schedule a water conservation audit, provide water saving measures, and refer any possible plumbing repair needs to local community action agencies. If the excess usage is due to a verified leak, the Account Holder may also follow the [Irregular Water Usage Due to Leak](#) policy.

6.4. Arrearages

~~6.4.1. **Eligibility and Prior Arrearages.** To qualify for enrollment in the Lifeline H₂O Plan, the Account Holder must not have a balance past due and no Program Arrearages. Any past due balance must be resolved prior to enrollment.~~

- 6.4.2. **Payment of Lifeline H₂O Amount.** For Lifeline H₂O Plan Services, all available assistance funds will be used to pay the difference between the capped amount and the actual monthly water, sewerage and drainage charges.

- 6.4.3. **Failure to Make Full Payment.** If the Account Holder does not pay the full Lifeline H₂O amount, including overage charges, for usage above the allocated

CCF, the unpaid amount will accrue on the next bill as a Balance Forward, which is a Program Arrearage that the Lifeline H₂O enrollee is responsible for paying. A Program Arrearage represents non-compliance with the Lifeline H₂O Policy and may affect continued enrollment.

6.5. Failure to Comply with Lifeline H₂O Plan Requirements

6.5.1. If DWSD determines an enrolled Account Holder is not in compliance with plan requirements (i.e. failure to allow installation of functioning meter, no payment, a partial payment, a Program Arrearage or a balance forward for three (3) months, the Account Holder will be un-enrolled from the Plan and referred to appropriate City or community programs and resources for additional support.

6.6. Unenrollment

6.6.1. If the Customer receives three (3) consecutive bills with a balance forward due to non-payment or partial payment, the customer is unenrolled from the Lifeline H₂O Plan.³ A customer may also be unenrolled due to non-compliance unrelated to payment (e.g., not setting up account with required information, or refusing access to metering equipment, etc.). (See also, Section 6.7)

6.6.2. Collection efforts will begin for Program Arrearage and penalties will resume.

6.6.3. After unenrollment from the Lifeline H₂O Plan, the Account Holder may enter into a Payment Plan for Program Arrearages to avoid collection efforts and penalties but cannot re-enroll into Lifeline H₂O until Program Arrearages are paid in full. (See also, 6.7.1).

6.7. Re-Enrollment

6.7.1. If Account Holder pays all prior Program Arrearages owed, they may be re-enrolled into the Lifeline H₂O Plan. Account Holder must contact DWSD to be re-enrolled in the Plan.

6.7.2. Program Arrearages will not be forgiven or removed upon re-enrollment.

6.7.3. The re-enrolled Account Holder will be responsible for paying regular Lifeline H₂O Plan charges as described in Section 6.2.

6.8. **Enrollment Period.** The enrollment period begins and ends as required by the funding source, regardless of the date enrollee joins the Lifeline H₂O Plan.

6.9. Ombudsman

6.9.1. Any person who believes DWSD has not followed this policy, the City of Detroit Ombudsman serves as an outside, neutral third party to ensure DWSD follows this policy and may act as a liaison to advocate on behalf of a customer. (See also, 2012 Detroit City Charter Article 7.5 – Chapter 4 – Sec. 75-401 to 7.5-417)

6.10. Reasonable and Necessary Accommodations

6.10.1. Management may take reasonable and necessary actions to accomplish the intent of this policy.

7. PROCEDURES

7.1. Billing Process

7.1.1. Finance Department receives monthly data indicating new and/or removed participants in Lifeline H₂O Plan.

7.1.1.1. Finance Department calculates the amount of billing statement based on Account Holder usage and applies proper billing code to account.

7.1.1.1.1. After removal from Lifeline H₂O Plan, arrearages will be handled pursuant to DWSD's Residential and Non-Residential Collection Policy

7.1.2. Billing Department prepares statements indicating:

- (a) Previous month's activity, including adjustments and any balance forward,
- (b) The amount owed, and
- (c) Overage amounts due for usage above allocated CCF, if any.

7.1.3. Billing Department performs the following monthly billing tasks for program enrollees:

- (a) for each month of enrollment, excludes the program gap amount from the amount due on the bill; and
- (b) starting with the second printed bill during enrollment and continuously through the month after enrollment terminates, applies a credit adjustment or payment with available third-party assistance funds equal to the prior month's gap amount.

7.1.3.1. When funds available have been exhausted, DWSD will notate Account Holder's account and handle the debt in the usual manner for uncollected residential accounts.

7.1.4. When enrollees no longer meet Lifeline H₂O requirements, the Collections Analyst unenrolls those Account Holders.

7.1.5. If the Account Holder resolves their past due balance or enters into a payment plan after termination from Lifeline H₂O Plan, the Collections Analyst initiates a work order and updates the status of the customer in the CIS.

7.2. Missed Payments; Unpaid Amount(s) Owing; Collection.

7.2.1. If Account Holder misses three consecutive payments, they will be un-enrolled from the Lifeline H₂O Plan and will begin receiving a regular bill without program benefits.

7.2.1.1. Collections will proceed with usual process for collection of arrearages pursuant to DWSD policy.



Financial Services Audit Committee Communication

Date: February 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Kim Garland, CPA, Deputy Chief Financial Officer

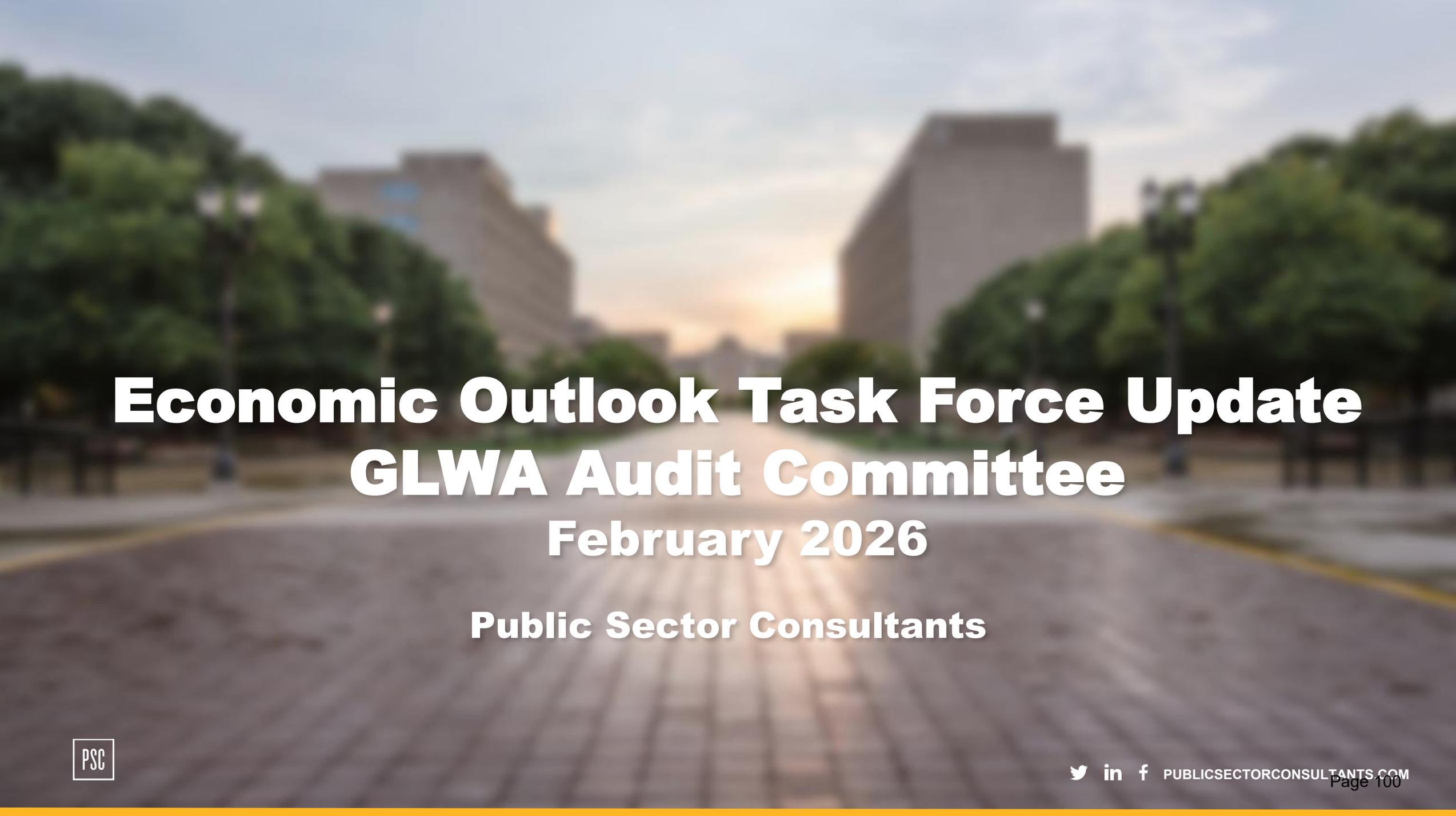
Re: Quarterly Economic Outlook Task Force Update

Background & Analysis: In July 2021, the Great Lakes Water Authority (GLWA) began conversations with vendors, analysts, supply chain experts, and others to better understand the potential impact of global and economic conditions on GLWA's capital and operating budgets. In September 2021, Public Sector Consultants (PSC) was engaged to work with the GLWA Procurement team, the GLWA Capital Improvement Planning team, and other stakeholders to conduct an economic analysis and identify impacts on the annual capital improvement plan.

This effort became the Economic Outlook Task Force (EOTF) which has gone on to assist GLWA in many ways. One outcome was the identification of key indicators relevant to our sector and the region to better prepare for economic impacts on GLWA operational and financial scenario planning. GLWA and its PSC partners provide updates throughout the year to assist in monitoring and responding to ongoing economic changes.

Included with this memo is the February 2026 EOTF Update providing a summary of economic activity through the 4th quarter of 2025. This update will be presented by the PSC senior advisory team.

Proposed Action: Receive and file this report.



Economic Outlook Task Force Update

GLWA Audit Committee

February 2026

Public Sector Consultants

Executive Summary: 2025 Q4 in Review

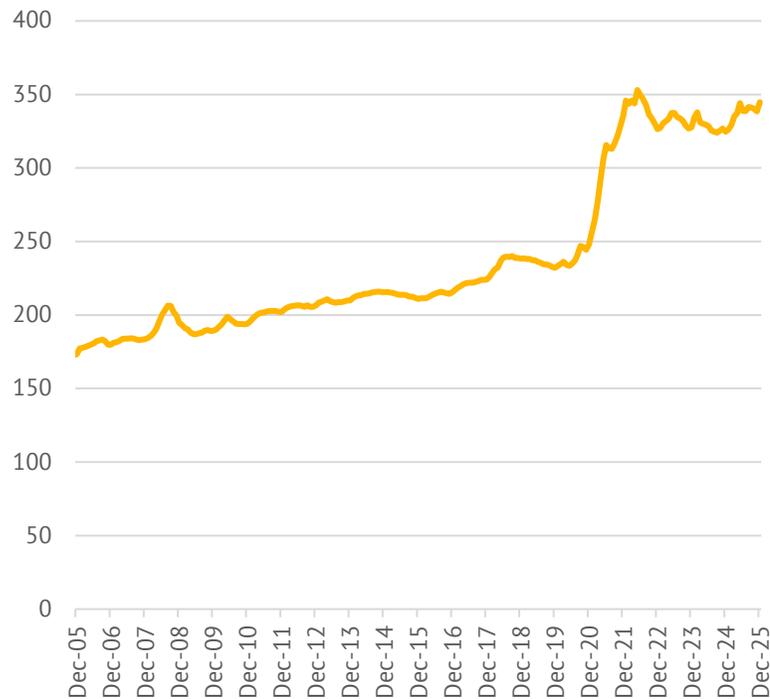
Entering 2026, we are particularly paying attention to rising construction and labor costs driven by wage and material inflation:

- **Economy:** Fewer jobs were gained in the labor market in 2024 and 2025 than previously estimated, with just 181,000 jobs added in 2025. This marks one of the lowest years outside of recessions.
- **Infrastructure Costs:** Inflation decreased year over year from 2.9% in 2024 to 2.7% in 2025, though remains elevated compared to the past few decades. GLWA's key materials are only moderately more expensive than in 2024, but 30-60% more costly than 5 years ago.
- **State of Michigan Budget:** The Whitmer Administration released its proposed budget on February 11th, 2026 with more money for roads, literacy, and healthcare.
- **Risk:** Large investments in data centers crowding out construction companies from public infrastructure projects

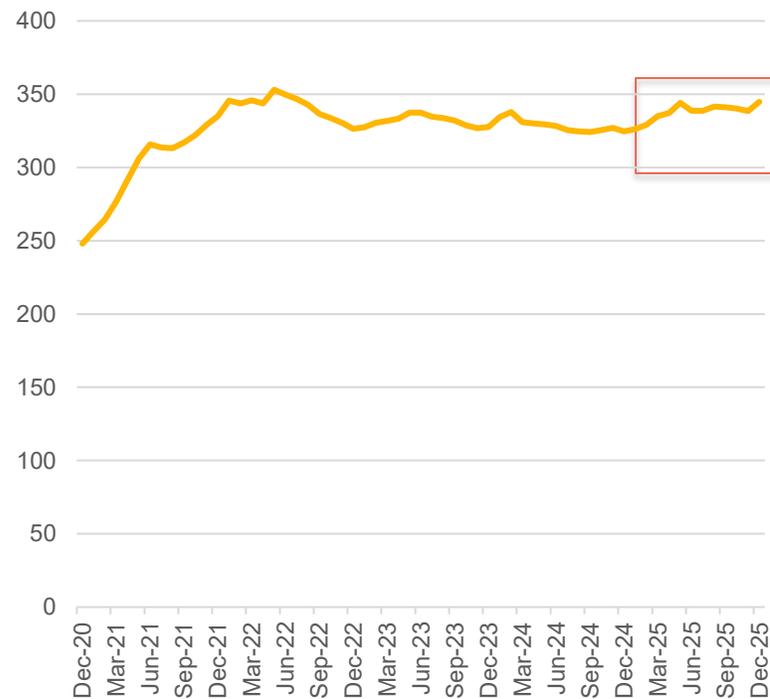
Construction Materials: Producer Price Index

Construction Materials prices appear to have stabilized in comparison to the sharp increase in 2020; 2025 has experienced modest increases and ended the year at its highest point in over 3 years.

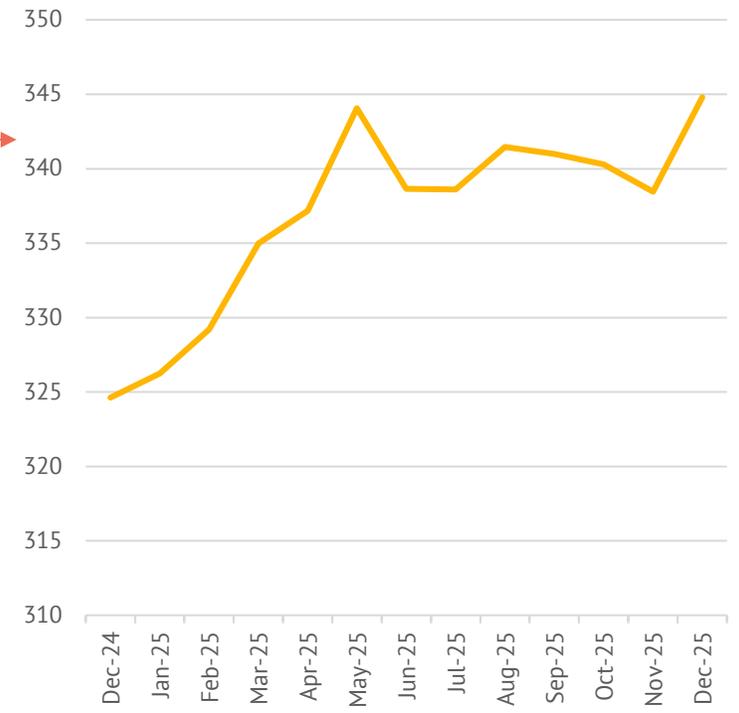
20 YR



5 YR

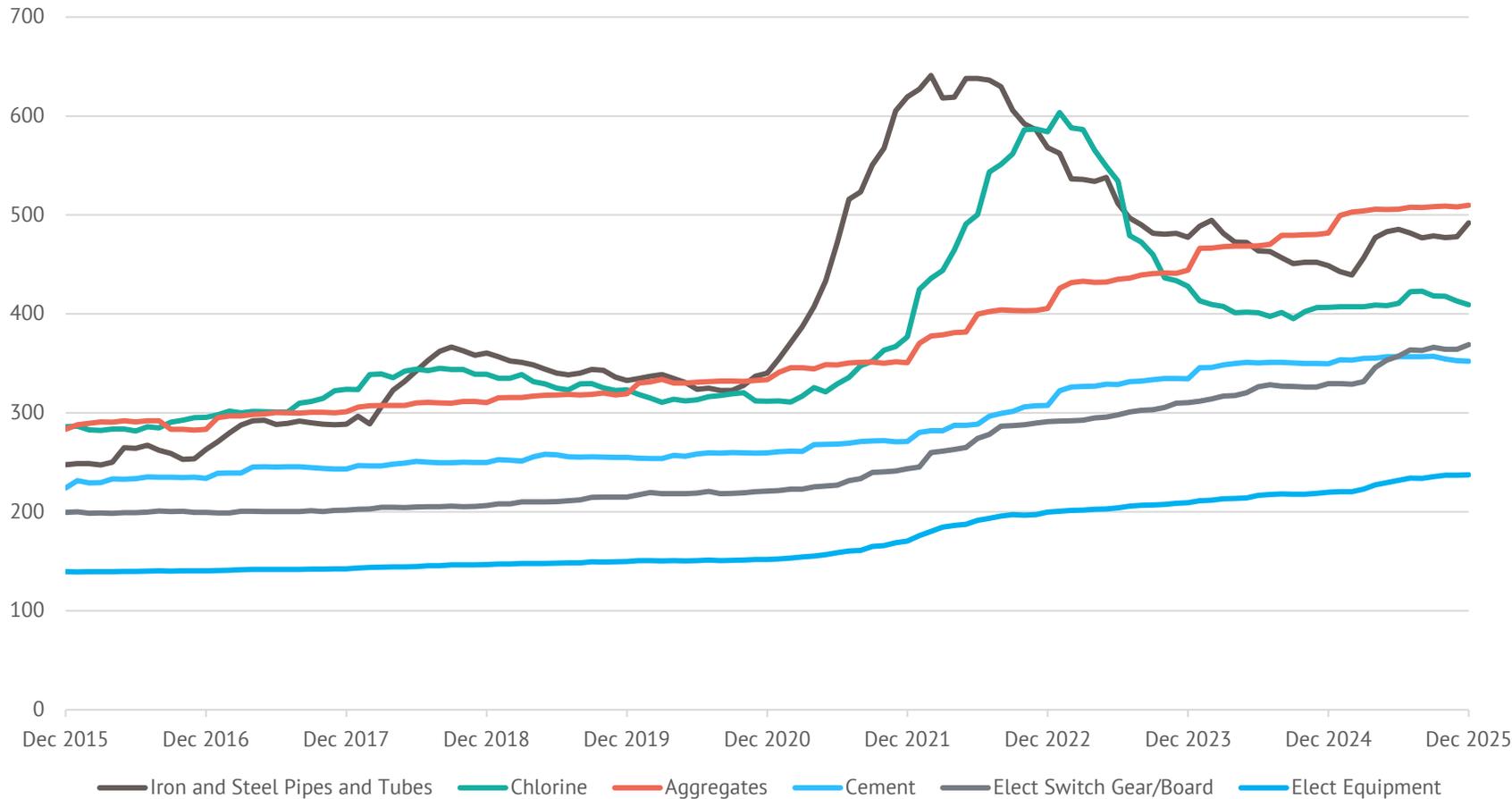


1 YR*



Priority Materials: Producer Prices

Prices for priority materials are increasing faster than broader inflation which is hovering around 3%, with the exception of chlorine and cement.



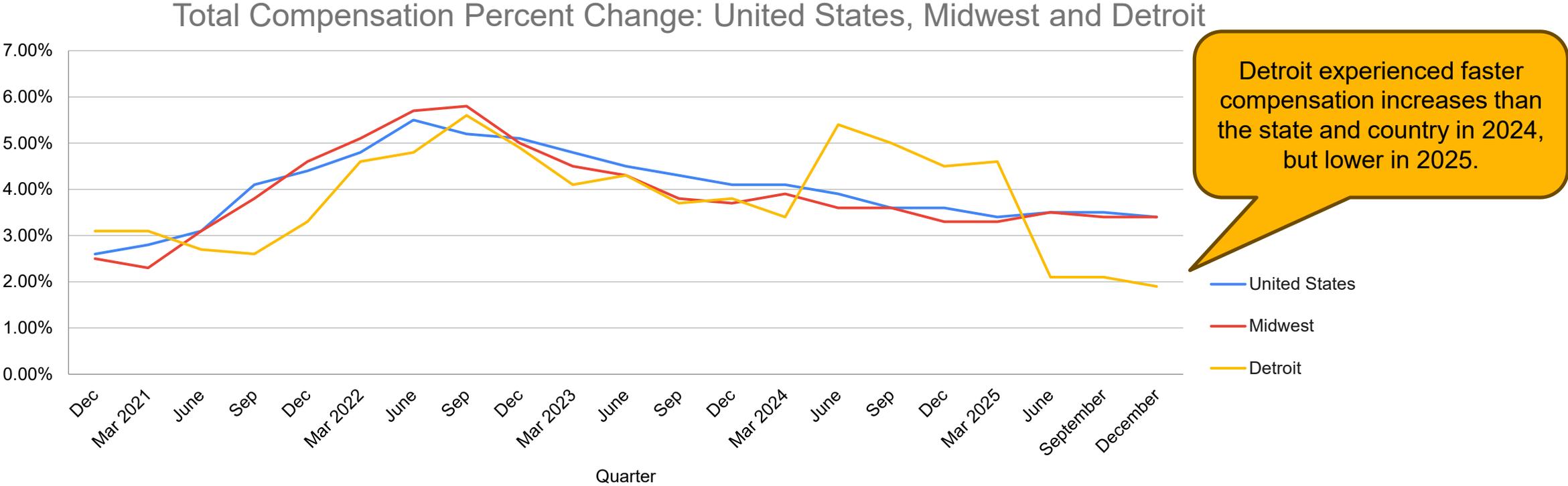
Percent Change	10YR	5YR	1YR
Iron and Steel Pipes and Tubes	99%	45%	10%
Chlorine	43%	31%	1%
Aggregates	80%	53%	6%
Cement	57%	36%	1%
Electrical Switch Gear/Board	85%	67%	12%
Elect Equipment	70%	56%	8%



Source: Bureau of Labor Statistics, Producer Price Index, updated February 10, 2026

Wages: Total Compensation

The Employment Cost Index (ECI) measures change in labor cost to employers. The decline in the Detroit and September seems to be driven by a reduction in benefits as wages have held pace at 3.3-3.8%.



The Employment Cost Index (ECI) uses a fixed “basket” of labor to produce a pure cost change, free from the effects of workers moving between occupations and industries and includes both the cost of wages and salaries and the cost of benefits.

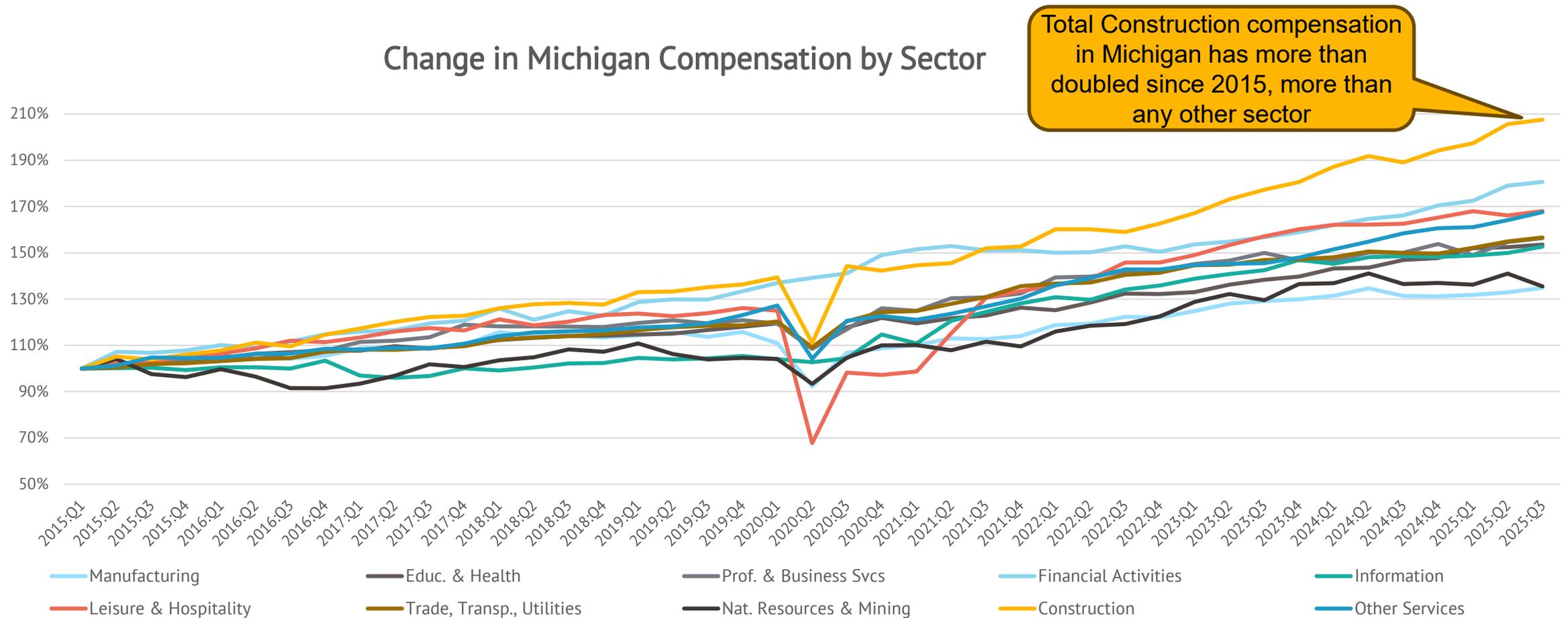


Source: Employment Cost Index, Bureau of Labor Statistics (BLS); updated February 10, 2026

Growth in Compensation by Sector

Note: This data has not been updated due to the federal government shutdown. While all sectors have increased through a combination of higher labor costs and more jobs, Construction has increased the fastest.

Change in Michigan Compensation by Sector

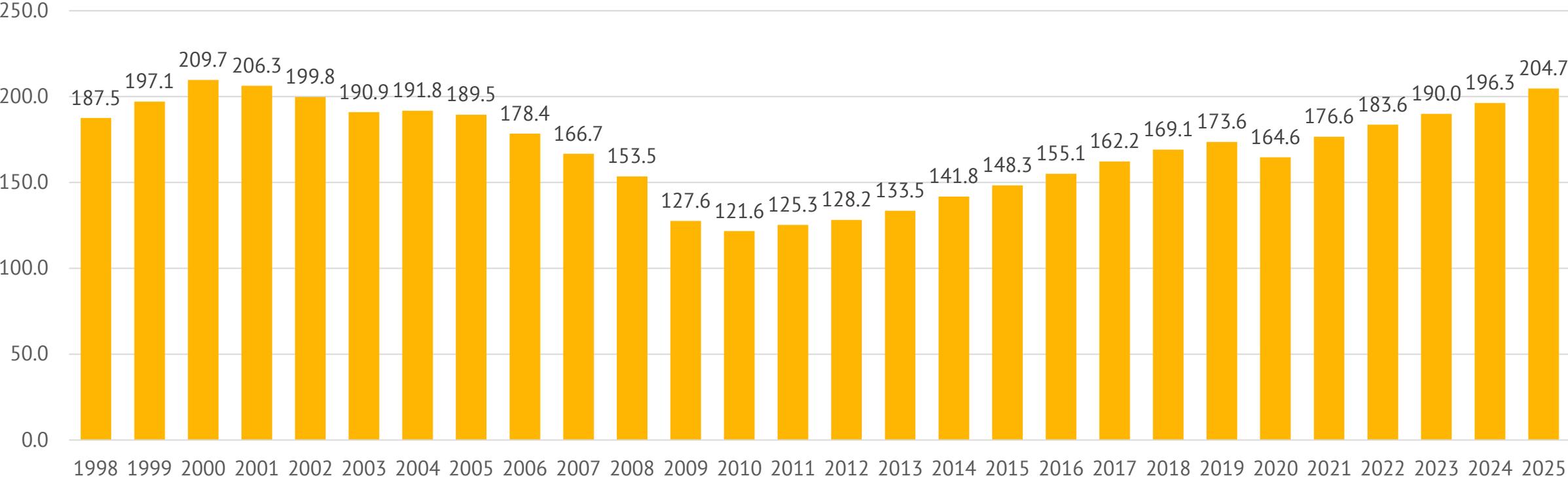


Source: Compensation of employees by NAICS industry, Bureau of Labor Statistics (BLS); updated February 10, 2026

Construction Employment in Michigan

The number of construction jobs in Michigan has steadily recovered since the financial crisis, with 2025 ending at the highest point since 2001 and just shy of the peak in 2000.

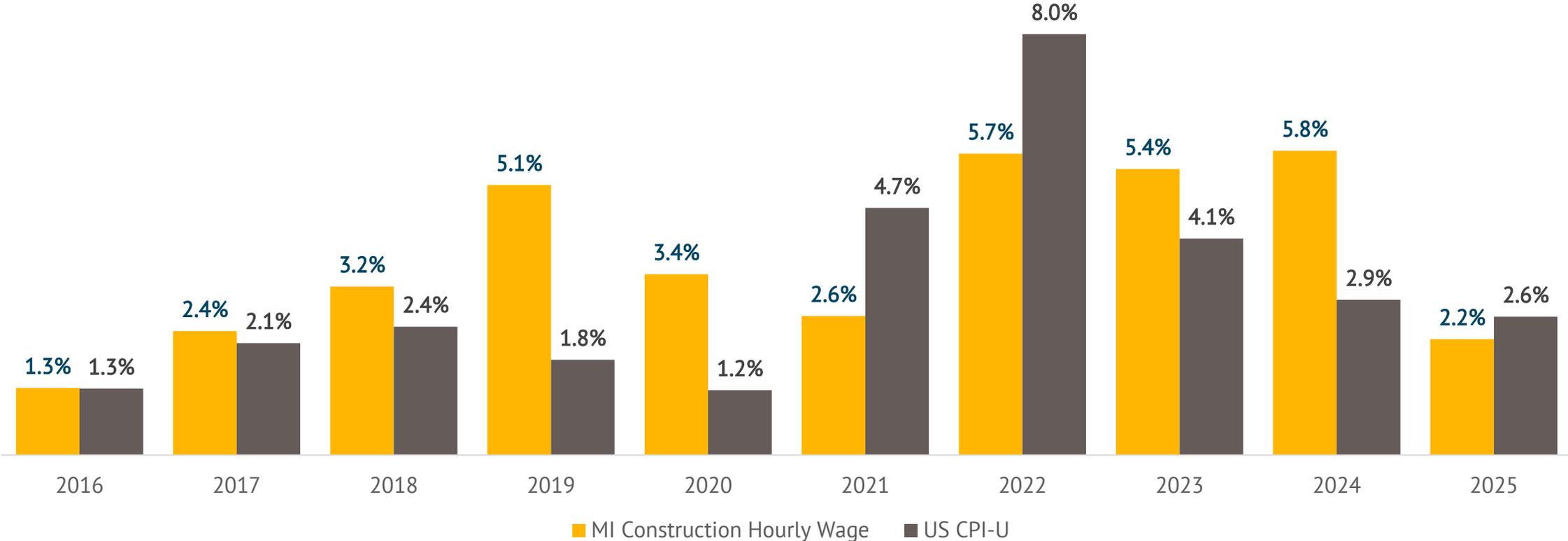
Michigan Construction Employment – Annual Data (thousands of jobs)



Construction Wages Compared to Inflation

Average hourly construction wages in Michigan have risen 44% in aggregate over the last 10 years, outpacing broader inflation which has risen 36%.

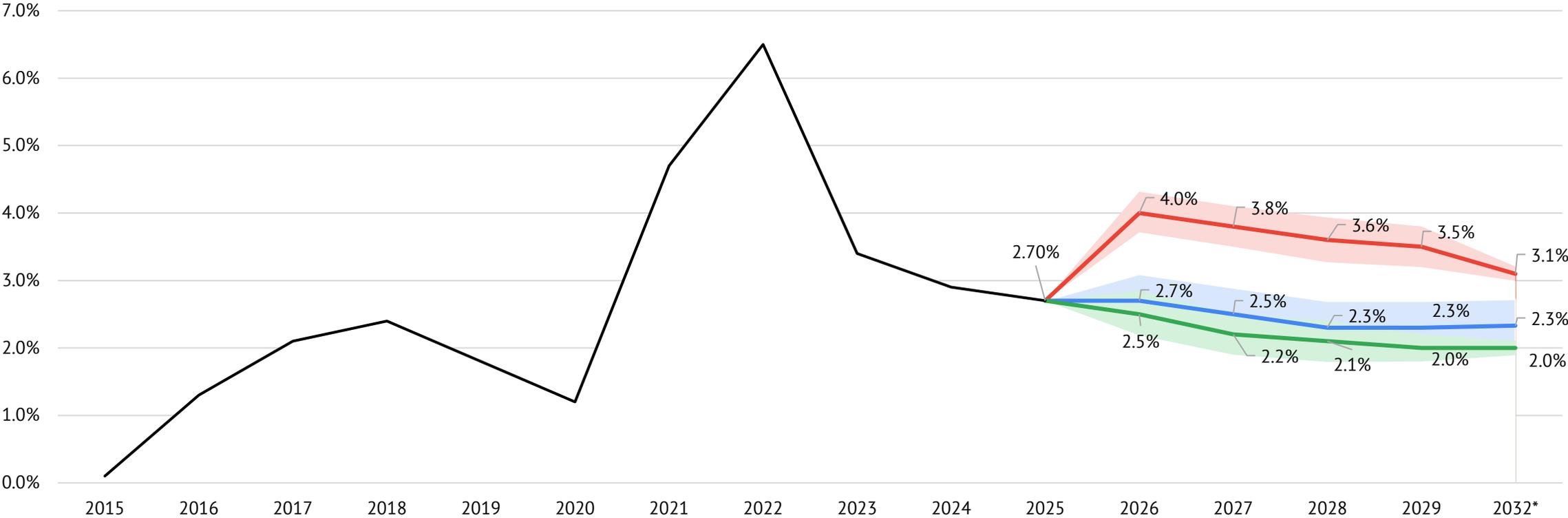
Annual Growth in Average MI Hourly Construction Wage and US CPI-U



Sources: U.S. Bureau of Labor Statistics. "State and Metro Area Employment, Hours & Earnings" and "Consumer Price Index for All Urban Consumers and PSC calculations. Data downloaded February 6, 2026.

Southeast Michigan Inflation Forecast

2025 inflation ended slightly below our projection of 2.9% at 2.7%, providing some long-anticipated relief to prices. We expect the impact of tariffs to mitigate continued compression on prices, but we have revised our base and high case inflation projection downward by 0.2%.



Looking Ahead to 2026: Key Drivers to Watch

- January jobs numbers were stronger than expected adding 130,000 jobs, although the positive news for the labor market was dampened by downward revisions to 2024 and 2025 jobs numbers
- Continued uncertainty around key economic drivers and the longevity of US Tariff policy hinging on a Supreme Court ruling
- Majority of Federal Reserve Board of Governor members have signaled an interest in pausing on further rate changes as the labor market appears stable and inflation remains elevated
- Expanding investments in Artificial Intelligence may change the labor market through shifting values of certain skillsets, and Data Centers will put pressure on utilities and construction jobs
- State Budget expected to focus infrastructure funding on roads



Financial Services Audit Committee Communication

Date: February 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Alicia Schwartz, Grants Manager

Re: Micro-Purchase Annual Self-Certification Process -Threshold Increase to \$50,000

Background: During a review of Grants Management procedures with the Procurement Team, we identified an opportunity to improve the procurement process by increasing the micro-purchase threshold as stated in federal regulation from \$5,000 to \$50,000. This increase is permitted under 2 Code of Federal Regulation (CFR) § 200.320(a)(1)(iii)-(iv). This regulation allows non-Federal entities to set a threshold up to \$50,000 for small purchases, provided the increase is documented through an annual self-certification process.

To comply with federal requirements, the Great Lakes Water Authority (GLWA) must document this change annually through self-certification, which involves documenting justification and confirmation of eligibility.

Analysis: The most recent GLWA Single Audit completed by the GLWA external auditors as part of the annual financial audit reported no major findings and supports GLWA's status as a low-risk auditee. As a low-risk auditee, GLWA can support the increase in micro-purchase threshold to \$50,000. This annual self-certification process provides that the Grants Team will complete the attached form to maintain on file reflecting ongoing certification of the \$50,000 micro-purchase limit.

Benefits of this change include:

- Reduced administrative burden from repetitive small-dollar procurement procedures.
- Maintained compliance with procurement standards under 2 CFR § 200.317-200.327.
- Continued oversight by GLWA Procurement to ensure discipline and accountability.

Proposed Action: Receive and file this report.



GLWA Procurement

Effective Date:
1/20/2026

Document #:
FSA_PRO_TPL_0037

Revision Date:
N/A

Revision#:
0

Document Title:
Federal Annual Self Certification for Micro-Purchase Threshold

Document Owner/Department:
Procurement Team

Annual Self-Certification Form for Micro-Purchase Threshold Increase

Purpose: In accordance with 2 Code of Federal Regulations (CFR) 200.320(a)(1)(iv), this form documents the process for the annual review and renewal of GLWA’s micro-purchase threshold. Under this regulation, grant recipients may establish a threshold above the Federal Acquisition Regulation micro-purchase limit (\$5,000) up to \$50,000. GLWA qualifies as a low-risk auditee under the criteria in 2 CFR 200.520 based on the most recent audit.

All sections of the form must be completed, with supporting documentation attached. Complete this form annually and retain records for audit and compliance purposes.

1. Certification Details	
Proposed Threshold amount	
Date of Request (xx/xx/xxxx)	
Audit Fiscal Year	
Review Date(xx/xx/xxxx)	

2. Justification of Higher Threshold - *Please provide clear justification for requesting a micro-purchase threshold above the FAR limit.*

GLWA’s small purchase (micro-purchase) threshold is \$50,000. This threshold is consistent with GLWA’s status as a low-risk auditee per §200.520 and provides a consistent streamlined procurement process for low-value purchases, reduces administrative burden, and maintains compliance with GLWA’s established Procurement Policy.

GLWA certifies that it is in compliance with the following requirements:

All documentation is attached and maintained in procurement records in accordance with 2 CFR §200.334 and the GLWA Record Retention Policy. Per §2 CFR §200.334 requires GLWA attest to retain all procurement records, self-certification forms, supporting documentation, and all risk assessment reports for a minimum of three (3) years. Required retention items are the following:

- Certification signatures and dates
- All supporting documentation (audit reports, risk assessments, legal opinions, etc.)
- Communications related to the certification and approval process.
- Any corrective actions or findings related to procurement or compliance.

All documentation will be made available to Federal agencies, pass-through entities, and auditors upon request.

GLWA ensures all records are stored in a secure, organized, and accessible location (physical or electronic) for prompt retrieval.

CPO Signature and Date

CEO Signature and Date



Welcome to the February edition of *The Procurement Pipeline*, a monthly newsletter designed to provide updates on doing business with the Great Lakes Water Authority (GLWA).

Procurement Tip of the Month: What to Expect During an Oral Interview Meeting

After all the submitted proposals have been scored during the solicitation evaluation process, the GLWA Evaluation Team may conclude that an Oral Interview meeting is required to determine the most responsive and responsible Vendor. The purpose of an Oral Interview meeting is for Vendors to provide clarification on the written proposal submitted for a project.

Oral Interview meetings include the GLWA Buyer, Evaluation Team members, and the Potential Vendor team. During the meeting, Vendors may expect the following.

- ✓ An interactive discussion between the Evaluation Team and the potential Vendor.
- ✓ Questions from the Evaluation Team intended to obtain additional details on the Vendor's written proposal.
- ✓ An opportunity for the potential Vendor to explain the methods referred to in their written proposal and to clarify any unusual or significant responses.

Oral Interview meetings are typically used for Request for Proposal (RFP) solicitations, where a Qualifications Based Selection (QBS) method is used. This means that Vendors are selected for award based on their qualifications and competence in relation to the scope and needs of a particular project, rather than based on price alone.

If an Oral Interview is required, the GLWA Buyer will establish a meeting time and date with Vendors. Should the Evaluation Team have additional questions following the interview, the GLWA Buyer will forward those questions to the Vendor. GLWA's final award recommendation will

encompass both evaluation of the written proposal as well as the Oral Interview.

Please note that Oral Interview meetings are not an opportunity to negotiate or change solicitation requirements, submit new information, discuss other proposals, or discuss GLWA projects in development. If you have any additional questions about Oral Interview meetings, please contact the GLWA buyer of record for the specific solicitation.

Virtual Vendor Introduction Meetings

If you are interested in learning more about doing business with GLWA, contact us at GLWAVendorOutreach@glwater.org to schedule a virtual vendor introduction meeting. Topics include information on submitting a competitive bid or proposal to any GLWA solicitation as well as the Business Inclusion and Diversity (B.I.D.) and Vendor Performance Assessment Programs.

Keeping up with GLWA

Our Chief Executive Officer (CEO) Monthly Report provides a wealth of information and news about important initiatives within GLWA's service territory that impact GLWA, its member partners, and the public. To read the January 2026 Monthly Report, please [click here](#).

What's Coming Down the Pipe?

Current Solicitations: Register in GLWA's [Euna Procurement Portal](#) for new solicitations and contract award information.

Upcoming Procurements: Next Three to Nine Months—See newsletter page 2.

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To see the GLWA vendor homepage, please visit www.glwater.org or contact us via email at procurement@glwater.org.

Upcoming Solicitations February 2026

Category	CIP #	Description/Project Title	Budget Estimate
Water System (next four to nine months)			
Construction	132016	North Service Center Pumping Station Improvements	\$108,322,551
Construction	122020	Concord and Nevada Flow Control Valves	\$7,000,000
Construction	122023	Adams Road Transmission Main	\$8,400,000
Construction	111012	Lake Huron Water Treatment Plant Flocculation Improvements	\$60,000,000
Construction	122007	Merriman Road 24-inch Water Transmission Main	\$6,817,000
Construction	132015	Newburgh Road Booster Pumping Station Improvements	\$66,000,000
Construction	122016	Downriver Transmission Main Loop: Inkster Road 42" Main	\$54,900,000
Wastewater Systems (next four to nine months)			
Construction	232002	Conner Creek Sanitary Pump Station	\$167,000,000
Design	270009	Site Improvements at Baby Creek, Belle Isle and St. Aubin CSO	\$1,500,000
Construction	260206	Rehabilitation of 7 Mile Sewer System	\$9,800,000
Design	261001	WRRF Rehabilitation of the Secondary Clarifiers Phase 1	\$8,000,000
Construction	261001	WRRF Rehabilitation of the Secondary Clarifiers Phase 1 -	\$30,000,000
Enterprise (next three months)			
Professional Services	O&M	Preventative Maintenance and Repair of Electrical Equipment	\$9,684,080
Water System (next three months)			
Construction	111001	Lake Huron Water Treatment Plant - LH-401 Switchgear and	\$125,000,000
Professional	116101	Design/ Inspection of Raw Water Tunnels	\$4,242,000
Wastewater (next three months)			
Design	270002	Meldrum Sewer Diversion and VR-15 Improvements	\$2,000,000
Construction	260210	Rehabilitation of GLWA Sewers: Ashland Relief, Linwood, Second, and Shiawassee (AL2S)	\$14,000,000
Construction	211009	Primary Area Gas Detection Upgrade and Switchgear SD-1 Replacement at Electrical Building EB-20	\$7,000,000
Professional Services	O&M	Staffing Services	\$500,000
Construction	122020	Concord Nevada Flow Control Valves	\$7,000,000
Professional Services	O&M	Mechanical, Plumbing and HVAC Repair Services	\$170,000
Construction	122021	Grosse Pointe Woods & Harper Woods 24" Transmission Main	\$17,000,000
Design-Build	170803	Reservoir Rehabilitation Phase III	\$51,830,000
Professional Services	O&M & 170507	Water Transmission, Valve, Emergency and Other Urgent Repairs	\$22,000,000
Construction	122007	Merriman Road 24-inch Water Transmission Main	\$6,817,000
Construction	132015	Newburgh Road Booster Pumping Station Improvements	\$66,000,000

Vendors should continue to monitor [Euna](#) for solicitation updates.

Acronyms		
WRRF: Water Resource Recovery Facility	CSO: Combined Sewer Overflow	WTP: Water Treatment Plant