



## Financial Services Audit Committee Communication

**Date:** November 17, 2023

**To:** Great Lakes Water Authority Audit Committee

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

**Re:** Final Report: 2023 Tender, Refunding, and New Money Bond Transaction

**Background:** A goal the Great Lakes Water Authority (GLWA) for calendar year 2023 was to seek financial savings from a tender and refunding transaction that also aligned with new money needs for the capital improvement program. That goal was met with a successful tender period that ended November 10, 2023 followed by a favorable refunding and new money pricing on November 14, 2023. Closing on the transaction will be completed in early December 2023.

**Analysis:** Attached is a summary report from GLWA's financial advisor PFM which will be presented at the Audit Committee. Key elements of this transaction include the following.

- ✓ Ratings upgrades that brought GLWA into the AA-category by Fitch and Moody's and affirmed the prior AA-category rating by S&P
- ✓ Above expectations on the tender invitation with 35% participation as the day ended on November 10, 2023
- ✓ Excellent investor participation with 80 unique institutional investors in addition to retail investor participation through the pricing on November 14, 2023
- ✓ A combination of investor interest and timing resulted in \$8.1 billion in orders for the \$513 million in par bonds, meaning investor demand exceeded available bonds by 14.7 times in aggregate
- ✓ \$46 million of cash flow savings in total with \$11 million for water and \$35 million for sewer (\$29 million of present value savings in total)
- ✓ \$250 million in new money bonds at a favorable 4.64 percent given fluctuating market conditions over the past few months with \$150 million for water and \$100 million for sewer system capital improvements

Also attached are the rating agency reports. We will discuss highlights of those reports at the meeting with a more detailed discussion in early calendar year 2024 as we incorporate that feedback into our upcoming financial planning cycle.

**Proposed Action:** Receive and file this report.