



## Financial Services Audit Committee Communication

**Date:** November 16, 2018

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

**From:** Jonathan Wheatley, Public Finance Manager

**Re:** Inaugural Ratings for Junior Lien Debt

**Background:** The Great Lakes Water Authority' (GLWA) has made efforts to maximize its use of the state of Michigan's state revolving fund (SRF) program as a lower cost alternative to finance its water and sewer capital programs. Since GLWA's (and formerly the Detroit Water and Sewerage Department) level of participation in the SRF program has grown to over twenty percent (20%) of the entire SRF loan pool portfolio, GLWA was asked by the state of Michigan Finance Authority to obtain a rating on GLWA's outstanding water and sewer junior lien bonds that were issued through the SRF program.

**Analysis:** GLWA received a rating on November 13, 2018 from S&P Global Ratings (S&P). A rating of 'A' has been assigned to GLWA's outstanding sewage disposal system junior-lien state revolving fund (SRF) bonds and an 'A+' rating has been assigned to GLWA's outstanding water supply system junior-lien SRF bonds. Both ratings are consistent with the second lien ratings assigned by S&P on September 5, 2018. A copy of the ratings report is attached.

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