



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

[Join Zoom Meeting](#)

Meeting ID: **852 9548 1504** Passcode: **501371**

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

AGENDA

Note: Binders 1 and 2 have been combined and PDF was renumbered

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
 - A. February 24, 2026 (Page 1)
 - B. February 27, 2026 (Page 4)
5. PUBLIC PARTICIPATION
6. OLD BUSINESS - None
7. NEW BUSINESS
 - A. *Action Item:* Resolution Regarding Approval of Series Ordinance (Page 9) Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$945,000,000
 - B. *Action Item:* Resolution Regarding Approval of Series Ordinance (Page 57) Authorizing Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$295,000,000
 - C. *Action Item:* Resolution to Adopt the Great Lakes Water Authority (Page 105) Project Plans for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration
 - D. *Action Item:* Resolution to Adopt the Detroit Water and Sewerage (Page 121) Department (DWSD) Sewer Rehabilitation Project Plan for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration
 - E. *Action Item:* Resolution to Adopt the Detroit Water and Sewerage (Page 144) Department (DWSD) Water System Improvements Project Plan for Fiscal Year (FY) 2027 Drinking Water State Revolving Fund (DWSRF) Funding Consideration
 - F. *Action Item:* Budget Amendments (Page 172)
 - G. *Action Item:* FY 2027 Water Residential Assistance Program (Page 202) (WRAP) Funding Allocation Authorization and Related Service Delivery Partner Contract Amendments

8. REPORTS

- A. CFO Report (Page 213)
- B. Monthly Financial Report for December (Page 241)
- C. Gifts, Grants & Other Resources Report (Page 242)
- D. FY 2026 Quarterly Construction Work in Progress Report through (Page 249)
December 31, 2025
- E. Procurement Month Recognition (Page 281)

9. COMMUNICATIONS

- A. The Procurement Pipeline for March (Page 286)

10. LOOK AHEAD

- A. Next Audit Committee Meeting: April 24, 2026 at 8:00 a.m.

11. OTHER MATTERS

12. ADJOURNMENT



Great Lakes Water Authority

735 Randolph Street
Detroit, Michigan 48226
glwater.legistar.com

Meeting Minutes - Draft

Audit Committee

Tuesday, February 24, 2026

8:00 AM

Zoom Telephonic Special Meeting

Join Zoom Meeting:

<https://glwater.zoom.us/j/84032947441?pwd=rPacHE2gYMcucMZnwUGPrbqgCDt09K.1>

Join by Telephone

US Toll-Free:

877 853 5247; or 888 788 0099

Meeting ID: 840 3294 7441 Passcode: 086387

1. Call To Order

Chairperson Baker called the meeting to order at 8:09 a.m.

2. Quorum Call

Present: 3 - Chairperson Brian Baker, Director Gary Brown, and Director Jaye Quadrozzi

3. Approval of Agenda

Chairperson Baker requested a Motion to Approve the Agenda.

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Approved

The motion carried by a unanimous vote.

4. Approval of Minutes

A. [2026-069](#) February 13, 2026 Audit Committee Meeting Minutes

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [4A February 13, 2026 Audit Committee Meeting Minutes.pdf](#)

Motion By: Jaye Quadrozzi

Support By: Gary Brown

Action: Approved

The motion carried by a unanimous vote.

5. Public Comment

There were no public comments.

6. Old Business

A. [2026-067](#) Proposed Modifications - FY 2027 Charges & Related Budget Impact

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [6A1 Proposed Modifications - FY 2027 Charges & Related Budget Impact.pdf](#)
[6A2 Proposed Modifications - FY 2027 Charges & Related Budget Impact.pdf](#)

A Motion was made by Director Brown, Supported by Director Quadrozzi, that as it relates to the FY 2027 & FY 2028 Biennial Budget, the Audit Committee:

1. Authorizes Legistar #2026-055 be preserved to retain all discussion documents in Legistar pertaining to the FY 2027 & FY 2028 Biennial Budget; and
2. Authorizes New Legistar #2026-070 be established for the purpose of carrying forward a recommendation to the Board of Directors related to the FY 2027 & FY 2028 Biennial Budget from the February 24, 2026 Audit Committee; and
3. Directs the GLWA Administration revise the proposed FY 2027 & FY 2028 Biennial Budget resolution to achieve wholesale average system charge adjustments of no more than 5.8% for the water system and 4.27% for the sewer system; and
4. Recommends that the GLWA Board of Directors approve the proposed FY 2027 & FY 2028 Biennial Budget resolution reflecting the wholesale average system charge adjustments of no more than 5.8% for the water system and 4.27% for the sewer system subject to public comment (Legistar #2026-058)

As it relates to the FY 2027 Schedule of Charges, the Audit Committee recommends:

1. Legistar #2026-056 be preserved to retain all discussion documents in Legistar pertaining to the FY 2027 Schedule of Service Charges; and
2. New Legistar #2026-071 be established for the purpose of carrying forward a recommendation to the Board of Directors related to the FY 2027 Schedule of Service Charges from the February 24, 2026 Audit Committee; and
3. Directs the GLWA Administration revise the proposed FY 2027 Schedule of Charges resolution to achieve wholesale average system charge adjustments of no more than 5.8% for the water system and 4.27% for the sewer system; and
4. Recommends that the GLWA Board of Directors adopts the resolution to approve the FY 2027 Schedule of Service Charges reflecting the wholesale average system charge adjustments of no more than 5.8% for the water system and 4.27% for the sewer system subject to public comment (Legistar #2026-058)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Approved

The motion carried by a unanimous vote.

7. New Business

None

8. Reports

None

9. Communications

None

10. Look Ahead

A. Next Audit Committee Meeting: February 27, 2026, at 8:00 a.m.

11. Other Matters

There were no other matters.

12. Adjournment

Chairperson Baker requested a Motion to Adjourn.

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Approved

The motion carried by a unanimous vote.

There being no further business, the meeting was adjourned at 8:18 a.m.



Great Lakes Water Authority

735 Randolph Street
Detroit, Michigan 48226
glwater.legistar.com

Meeting Minutes - Draft

Audit Committee

Friday, February 27, 2026

8:00 AM

Zoom Telephonic Meeting

Join Zoom Meeting:

<https://glwater.zoom.us/j/82303137764?pwd=vXPuaiYajXb6lmrQnbIFSM7MyYMmao.1>

Join by Telephone

US Toll-Free:

877 853 5247; or 888 788 0099

Meeting ID: 823 0313 7764 Passcode: 506475

1. Call To Order

Chairperson Baker called the meeting to order at 8:00 a.m.

2. Quorum Call

Present: 3 - Chairperson Brian Baker, Director Gary Brown, and Director Jaye Quadrozzi

3. Approval of Agenda

Nicolette Bateson, Chief Financial Officer/Treasurer, requested to move item 8G. (Quarterly Economic Outlook Task Force Update) to 8A., and item 8D. (Quarterly Investment Report) to item 8B., and renumber the remaining reports.

Chairperson Baker requested a Motion to Approve the Agenda as Amended.

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Approved as Amended

The motion carried by a unanimous vote.

4. Approval of Minutes

None

5. Public Comment

There were no public comments.

6. Old Business

None

7. New Business

- A. [2026-066](#) **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**

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [7A1 AC Memo - Appr of CWSRF Series Ord 2026-01 GLWA PS-1 VFD Replc \(5859-01\) and GLWA CSO Facility Impr \(6025-01\).pdf](#)
[7A2a Attachment 1 - Table 1.pdf](#)
[7A2b Attachment 2 - Table 1.pdf](#)
[7A3 Series Ordinance \(2026 SRF 2-3 Sewer\).pdf](#)
[7A4 Resolution Approving 2026 SRF-2-3 Ordinance \(SRF\).docx](#)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Recommended for Approval to the Board of Directors Workshop Meeting Agenda of March 11, 2026

The motion carried by a unanimous vote.

8. Reports

- A. [2026-078](#) **Quarterly Economic Outlook Task Force Update**

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8G1 EOTF Report Cover Memo.pdf](#)
[8G2 EOTF 2025 Q4 Update_2-12-26.pdf](#)

Motion By: Jaye Quadrozzi

Support By: Gary Brown

Action: Received and Filed

The motion carried by a unanimous vote.

B. [2026-075](#) Quarterly Investment Report

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8D1 Quarterly Investment Report Cover Memo December 2025.pdf](#)
[8D2 GLWA Quarterly Investment Report December 2025.pdf](#)

Motion By: Jaye Quadrozzi
Support By: Gary Brown
Action: Received and Filed
The motion carried by a unanimous vote.

C. [2026-072](#) CFO Report

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8A1 CFO Report February 2026.pdf](#)
[8A2 2026.03.04 Agenda Local Rate Setting Workshop.pdf](#)

Motion By: Gary Brown
Support By: Jaye Quadrozzi
Action: Received and Filed
The motion carried by a unanimous vote.

D. [2026-073](#) Monthly Financial Report

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8B November 2025 Monthly Financial Report.pdf](#)

Motion By: Jaye Quadrozzi
Support By: Gary Brown
Action: Received and Filed
The motion carried by a unanimous vote.

E. [2026-074](#) Gifts, Grants & Other Resources Report

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8C1 Grants Gifts and Other Resources Report.pdf](#)

Motion By: Gary Brown
Support By: Jaye Quadrozzi
Action: Received and Filed
The motion carried by a unanimous vote.

F. [2026-076](#) Semi-Annual B.I.D. Report

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8E1 Memo Semi Annual B.I.D. Update.pdf](#)

[8E2 Semi Annual B.I.D. Report.pdf](#)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Received and Filed

The motion carried by a unanimous vote.

G. [2026-077](#) Affordability & Assistance Update & WRAP Program Review

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8F1 Affordability & Assistance Update.pdf](#)

[8F2 Affordability & Assistance Update & WRAP Program Review v3](#)

[3.2.26](#)

[8F3 CS-Lifeline H2O Policy Final V3 02-04-26.pdf](#)

Motion By: Jaye Quadrozzi

Support By: Gary Brown

Action: Received and Filed

The motion carried by a unanimous vote.

H. [2026-079](#) Micro-Purchase Annual Self-Certification Process -Threshold Increase to \$50,000

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8H1 Annual Self Certification for Micro Purchase.pdf](#)

[8H2 Annual Self Certification for Micro Purchase.pdf](#)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Received and Filed

The motion carried by a unanimous vote.

9. Communications

A. [2026-080](#) The Procurement Pipeline for February 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [9A - The Procurement Pipeline for February 2026.pdf](#)

No Action Taken

10. Look Ahead

A. Next Audit Committee Meeting: March 27, 2026 at 8:00 a.m.

11. Other Matters

There were no other matters.

12. Adjournment

Chairperson Baker requested a Motion to Adjourn.

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Approved

The motion carried by a unanimous vote.

There being no further business, the meeting was adjourned at 9:17 a.m.



Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Nick Fedewa, CPA, Public Finance Manager

Re: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$945,000,000 (Ordinance 2026-02)

Background & Analysis: See attached draft Great Lakes Water Authority (“GLWA”) Board letter.

Proposed Action: The Audit Committee recommends that the Great Lakes Water Authority Board of Directors approve the resolution for the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$945,000,000 (Ordinance 2026-02).

DRAFT for Audit Committee Review Only

..Title

Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$945,000,000 (Ordinance 2026-02)

..Body

Agenda of: April 22, 2026
Item No.: 2026-109
Amount: Not to Exceed \$945,000,000

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: April 22, 2026

RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$945,000,000 (Ordinance 2026-02)

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer\Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves the resolution for the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$945,000,000 (Ordinance 2026-02) as presented**, and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

DRAFT for Audit Committee Review Only

BACKGROUND

The Great Lakes Water Authority (“GLWA”) annually evaluates funding needed for its capital improvement program for the upcoming fiscal year within the available resources established by the annual budget and charge setting process. In addition, GLWA also utilizes this process to identify potential bond refunding candidates to reduce the cost of debt service as well as other debt structure considerations to support effective financial management. GLWA, working with a team of public finance professionals, has performed a preliminary scope analysis for the upcoming bond transaction in relation to market conditions. To prepare for all reasonable scenarios, the documents presented with this agenda item encompass both new money and refunding strategies.

New for the 2026 transaction, the bond documents encompass provisions to allow for variable rate debt to control the cost of borrowing. As it relates to these provisions, please note the following.

- In November 2025, GLWA and its financial advisor, PFM Financial Advisors LLC (“PFM”), met individually with each firm in the underwriting pool seeking benchmarking and best practice feedback from their experience with other water sector utilities. A consistent concept that emerged from these discussions was to consider variable rate debt.
- At the December 19, 2025 Audit Committee meeting, PFM, presented a municipal market outlook and considerations for the upcoming FY 2026 bond transaction – including consideration of including variable rate and the different variable rate products that are available to GLWA.
- At the January 30, 2026 Audit Committee meeting, PFM, presented an in-depth report on variable rate debt – including a history of a DWSD’s use of variable rate debt prior to the establishment of GLWA, analysis of variable rate debt in GLWA’s current debt portfolio, and a review of current variable rate alternatives.
- One of those alternatives discussed, and recommended for consideration in the upcoming transactions, is a “Term Rate” structure as it carries a favorable risk profile. Term Rate bonds offer an intermediate option between fixed rate debt and floating rate debt. The bonds bear interest at a fixed rate through the expiration of each Term Rate Period of up to 7 years. The key benefits of term rate bonds are they take advantage of the short end of the yield curve but gain budgetary certainty, limit impacts of short-term interest rate volatility, and eliminate exposure to bank counterparties. The key risks to consider are increased interest costs in the future if rates are higher at the remarketing date or if the issuer credit rating deteriorates between the issuance date and remarketing date and failed remarketing is possible due to market disruption or issuer market access. See attached PFM presentation.

DRAFT for Audit Committee Review Only

- GLWA's debt management policy allows for the use of variable rate debt. The variable rate debt structure considered in the proposed Series Ordinance aligns with priorities identified in the debt management policy, such as the anticipation of lower debt service costs, added flexibility of the capital structure, and diversification of investor base.
- During March 2026, GLWA sought feedback from three rating agencies related to variable rate debt. The consistent response was that the use of variable debt as part of an overall debt structure strategy is not viewed negatively if risks are appropriately managed and the exposure to variable rate obligations is not excessive.
- In addition to authorizing the issuance of variable rate debt in a "Term Rate" mode, the proposed Series Ordinance also authorizes the issuance of fixed rate bonds to provide flexibility in sourcing new money and to refund existing fixed rate obligations for debt service savings.
- The language authorizing the issuance and sale of variable rate debt is included in the proposed Series Ordinance and is highlighted in grey for reference.

For the Great Lakes Water Authority ("GLWA") to proceed with the issuance of new money bonds to support regional capital improvements and refunding of various outstanding water supply system bonds for the purpose of achieving annual debt service savings, the GLWA Board must approve the included resolution approving the Series Ordinance.

The Series Ordinance sets forth the guidelines for the New Money and Refunding Bonds and authorizes the Chief Executive Officer or the Chief Financial Officer/Treasurer to execute the final terms of the Bonds, paying issuance costs and signing of the Bond Purchase Agreement, within the parameters set forth in the Series Ordinance.

JUSTIFICATION

New Money Portion: The authorized amount for the New Money Bonds is for an aggregate principal amount not to exceed \$315 million for the regional water system.

Refunding Portion: The authorized amount for the Refunding Bonds is presented for an aggregate principal amount of not to exceed \$630 million. The final par amount of the Refunding Bonds will be determined at the time of pricing and is based on current bond market pricing levels, issuance costs, and the par amount of the bonds to be refunded by GLWA as determined by the savings level achieved.

DRAFT for Audit Committee Review Only

Key Provisions:

- Not to Exceed Par Amount: \$945 million (\$315 million for new money, \$630 million for refunding)
- Maximum Coupon Rate Fixed Rate Bonds Only: 6.00%
- Maximum Coupon Rate for All Bonds: 9.00%
- Minimum Purchase Price: 98% of principal amount of bonds
- Maximum Underwriter Discount: 0.40% of principal amount of bonds
- Present Value Savings: Greater than 2.50% of principal amount of bonds to be refunded
- Permits the issuance of bonds in a “Term Rate Mode”, under which the bonds bear a fixed interest rate for an initial interest period and are subsequently remarketed into a new “Term Rate Mode” or converted to a permanent “Fixed Rate Mode”, as defined in the Series Ordinance.
- Authorizes an authorized officer to establish a “Stepped Rate” that will apply if the bonds cannot be successfully remarketed at the end of any interest period while in a “Term Rate Mode”.

BUDGET IMPACT

Savings resulting from the potential Water Refunding Bonds are not included in the FY 2027 budget or ten-year financial plan. When savings are achieved, the financial plan will be revised if necessary.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on March 27, 2026. The Audit Committee *[insert action]* the resolution for the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$945,000,000 as presented.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.

GREAT LAKES WATER AUTHORITY
ORDINANCE NO. 2026-02

**SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF
WATER SUPPLY SYSTEM REVENUE AND REVENUE REFUNDING BONDS
IN A PRINCIPAL AMOUNT NOT TO EXCEED \$945,000,000**

WHEREAS, pursuant to Resolution No. 2015-10-02 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. 2015-01 (as subsequently amended through the date hereof, the “Ordinance”), which authorizes the issuance by the Authority of Water Supply System Revenue Bonds; and

WHEREAS, the Ordinance authorizes the issuance of such Water Supply 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 and desirable to authorize at this time one or more Series of Revenue Bonds to pay all or part of the costs of the hereinafter described improvements, enlargements, extensions and repairs to the Regional Water System; and

WHEREAS, the Authority Board has determined that it is necessary to authorize at this time one or more Series of Revenue Refunding Bonds (the “2026 Bonds”) to refund a portion of Outstanding Bonds (the “Bonds To Be Refunded”) and cause the Bonds To Be Refunded to be defeased in accordance with the Ordinance, to secure savings for the Authority through the issuance of such Revenue Refunding Bonds.

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 Series Ordinance”) is adopted pursuant to Section 1102(1) of the Ordinance.

Section 2. Definitions. Except as otherwise provided in this 2026 Series Ordinance, all terms which are defined in Section 101 of the Ordinance shall have the same meanings, respectively, in this 2026 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 Bonds” means, collectively, the 2026 New Money Bonds and the 2026 Refunding Bonds authorized by Section 3 of this 2026 Series Ordinance.

(b) “2026 New Money Bonds” means those 2026 Bonds, if any, issued for the purpose of paying, reimbursing and/or refinancing Project Costs as authorized by Section 3 of this 2026 Series Ordinance.

(c) “2026 Project” means a portion of the improvements, enlargements, extensions and repairs to the Regional Water System identified in the Capital Improvement Program, all as more fully described in the Sale Order.

(d) “2026 Refunding Bonds” means those 2026 Bonds, if any, issued for the purpose of refunding the Bonds To Be Refunded and paying Refunding Costs as authorized by Section 3 of this 2026 Series Ordinance.

(e) “2026 Reserve Requirement” means the sum of the 2026 Senior Lien Reserve Requirement and the 2026 Second Lien Reserve Requirement.

(f) “2026 Second Lien Bonds” means, collectively, the 2026 Second Lien New Money Bonds and the 2026 Second Lien Refunding Bonds.

(g) “2026 Second Lien New Money Bonds” means those 2026 New Money Bonds, if any, issued as Second Lien Bonds as provided in this 2026 Series Ordinance.

(h) “2026 Second Lien Refunding Bonds” means those 2026 Refunding Bonds, if any, issued as Second Lien Bonds as provided in this 2026 Series Ordinance.

(i) “2026 Second Lien Reserve Requirement” means such amount, if any, as is determined in the Sale Order to be the amount necessary to make the amount on deposit in the Second Lien Bond Reserve Account at least equal to the Reserve Requirement for the Second Lien Bond Reserve Account immediately upon the issuance of the 2026 Second Lien Bonds after taking into consideration such provision as is made for the Reserve Requirement from proceeds of the 2026 Second Lien Bonds and other funds and Credit Facilities on deposit or to be deposited in the Second Lien Bond Reserve Account.

(j) “2026 Senior Lien Bonds” means, collectively, the 2026 Senior Lien New Money Bonds and the 2026 Senior Lien Refunding Bonds.

(k) “2026 Senior Lien New Money Bonds” means those 2026 New Money Bonds, if any, issued as Senior Lien Bonds as provided in this 2026 Series Ordinance.

(l) “2026 Senior Lien Refunding Bonds” means those 2026 Refunding Bonds, if any, issued as Senior Lien Bonds as provided in this 2026 Series Ordinance.

(m) “2026 Senior Lien Reserve Requirement” means such amount, if any, as is determined in the Sale Order to be the amount necessary to make the amount on deposit in the Senior Lien Bond Reserve Account at least equal to the Reserve Requirement for the Senior Lien Bond Reserve Account immediately upon the issuance of the 2026 Senior Lien Bonds after taking into consideration such provision as is made for the Reserve Requirement from proceeds of the 2026 Senior Lien Bonds and other funds and Credit Facilities on deposit or to be deposited in the Senior Lien Bond Reserve Account.

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

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

(p) “Bonds To Be Refunded” has the meaning set forth in the recitals hereto.

(q) “Continuing Disclosure Undertaking” means the continuing disclosure undertaking or undertakings with respect to the 2026 Bonds to be entered into by the Authority pursuant to the Rule.

(r) “Eligible Moneys” means any or a combination of (i) moneys on deposit with the Trustee representing proceeds from the remarketing by any Remarketing Agent of Bonds purchased as described in this 2026 Series Ordinance, or (ii) any other funds of the Authority legally available therefor.

(s) “Escrow Agreement” shall have the meaning set forth in Section 11 of this 2026 Series Ordinance.

(t) “Escrow Deposit” means cash or Government Obligations, or a combination of cash and Government Obligations, at least sufficient to discharge the lien of the Pledged Assets securing the Bonds To Be Refunded in accordance with Section 1001 of the Ordinance.

(u) “Fixed Rate Bonds” means all 2026 Bonds in the Fixed Rate Mode and which may be Term Bonds, Serial Bonds or both.

(v) “Fixed Rate Mode” means the Mode during which any 2026 Bonds bear interest at a fixed rate, pursuant to Section 4(d) of this 2026 Series Ordinance, and which may consist of Term Bonds, Serial Bonds or both.

(w) “Initial Mode” means, for 2026 Bonds issued as Term Rate Bonds, the Term Rate Mode commencing on the date of issuance of the 2026 Bonds and ending on the day prior to the applicable Rate Adjustment Date, and for 2026 Bonds issued as Fixed Rate Bonds, the Fixed Rate Mode commencing on the date of issuance of the 2026 Bonds and ending on the maturity date of such Fixed Rate Bonds.

(x) “Interest Payment Date” means except as otherwise determined in the Sale Order each January 1, July 1, and each Rate Adjustment Date or such other dates and commencing as set forth in the Sale Order.

(y) “Interest Period” means for any 2026 Bond the period of time from and including the date of delivery or any Rate Adjustment Date for such 2026 Bond, as applicable, to but excluding the next succeeding Rate Adjustment Date for, or the Maturity of, such 2026 Bond, as applicable.

(z) “Mandatory Purchase Date” means, for 2026 Bonds issued in the Term Rate Mode, the day after the last day of the Mode or the Interest Period for a Series of 2026 Bonds.

(aa) “Maturity Date” means such dates of maturity of the 2026 Bonds as determined in the Sale Order.

(bb) “Maximum Rate” for any 2026 Bonds means the lesser of (a) 9 % per annum or (b) the maximum rate permitted by law.

(cc) “Mode” means, as the context may require, the Term Rate Mode or the Fixed Rate Mode.

(dd) “Mode Change” means, for 2026 Bonds issued in the Term Rate Mode, a change to a Fixed Rate Mode or the continuation in the Term Rate Mode determined in accordance with Section 15, whether or not such rate is different from the interest rate previously in effect on the 2026 Bonds.

(ee) “Notice Party”, or “Notice Parties” in the plural, shall mean the Authority, the Trustee and the Remarketing Agent.

(ff) “Official Statement” means the final disclosure document with respect to the 2026 Bonds.

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

(hh) “Preliminary Official Statement” means the preliminary disclosure document with respect to the 2026 Bonds.

(ii) “Project Costs” means the costs of acquiring, constructing, equipping, installing and financing the 2026 Project, including Issuance Costs relating to the 2026 New Money Bonds.

(jj) “Purchase Agreement” means any bond purchase agreement between the Authority and the Underwriter providing for the sale of any 2026 Bonds.

(kk) “Purchase Price” means (i) an amount equal to the principal amount of the 2026 Bonds to be purchased on a Mandatory Purchase Date, plus an amount equal to accrued interest, if any, to such Mandatory Purchase Date; or (ii) if the Authority elects to purchase the 2026 Bonds on a date commencing with an optional redemption date and prior to a Mandatory Purchase Date pursuant to Section 17 hereof, an amount equal to the principal amount of such 2026 Bonds, plus any redemption premium that would be paid if such 2026 Bonds were redeemed on such date, plus accrued and unpaid interest to such purchase date.

(ll) “Rate Adjustment Date” means each day on which such 2026 Bonds or portion thereof will begin to bear interest at a new Term Rate or Fixed Rate determined in accordance with Section 15, whether or not such rate is different from the rate of interest previously in effect on the 2026 Bonds.

(mm) “Rate Determination Date” means, as shall be determined in a Sale Order, the date on which the interest rate for the 2026 Bonds or portion thereof shall be determined, which, in the case of the Initial Mode for 2026 Bonds, shall be the date of the initial Sale Order for the 2026 Bonds and thereafter shall be a Business Day determined by an Authorized Officer of the Authority, which shall be at least one Business Day prior to a Rate Adjustment Date.

(nn) “Refunding Costs” means the costs of refunding the Bonds To Be Refunded, including, to the extent authorized in the Sale Order, the amount of the Escrow Deposit, if any, funding the 2026 Reserve Requirement, if any, and Issuance Costs relating to the 2026 Refunding Bonds.

(oo) “Regular Record Date” means the fifteenth day of the calendar month immediately preceding an Interest Payment Date for Fixed Rate Bonds.

(pp) “Remarketing Agent” means any investment banking firm which shall be appointed Remarketing Agent by the Authority under a Remarketing Agreement to perform the remarketing obligations hereof.

(qq) “Remarketing Agreement” means a remarketing agreement relating to the 2026 Bonds, by and between the Authority and the Remarketing Agent, as it may be amended or supplemented from time to time in accordance with its terms.

(rr) “Rule” means Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended.

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

(tt) “Savings Threshold” means that the Authority will achieve an aggregate reduction in bond debt service that has a present value at the time of sale of the 2026 Refunding Bonds equal to at least two and one-half percent (2.5%) of the par value of the Bonds To Be Refunded, and in accordance with the Ordinance and applicable law.

(uu) “Securities Depository” means (i) The Depository Trust Company and its successors and assigns, if any, or (ii) any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2026 Bonds and which is selected by the Authority as provided in Section 6.

(vv) "Stepped Rate" means, with respect to 2026 Bonds in a Term Rate Mode, the interest rate applicable to such 2026 Bonds commencing on the day after the then-applicable Interest Period when there has occurred a failed remarketing of such 2026 Bonds, which Stepped Rate shall be determined (i) for such 2026 Bonds in the Initial Mode, in the Sale Order approving the terms for the 2026 Bonds, and (ii) for such 2026 Bonds in a Mode other than the Initial Mode, by an Authorized Officer of the Authority in a supplemental Sale Order, but which Stepped Rate shall never exceed the Maximum Rate.

(ww) “Taxable 2026 Bonds” means any 2026 Bonds other than Tax-Exempt 2026 Bonds.

(xx) “Tax-Exempt 2026 Bonds” means any 2026 Bonds that are Tax-Exempt Bonds.

(yy) “Term Rate” means the per annum interest rate for the Bonds in the Term Rate Mode determined pursuant to Section 15 hereof.

(zz) “Term Rate Bonds” means all 2026 Bonds in the Term Rate Mode.

(aaa) “Term Rate Mode” means the Mode during which any 2026 Bonds bear interest at a per annum interest rate for Term Rate Bonds, pursuant to this 2026 Series Ordinance.

(bbb) “Underwriter” means, with respect to the 2026 Bonds, Siebert Williams Shank & Co., LLC., on behalf of itself and such underwriters as may be named in the Purchase Agreement.

Section 3. Authorization of 2026 Bonds.

(a) Authorization of Borrowing. The Authority may borrow (A) an aggregate principal amount, exclusive of premium, not in excess of \$630,000,000, in the case of the 2026 Refunding Bonds, and (B) an aggregate principal amount, exclusive of premium, not in excess of \$315,000,000, in the case of the 2026 New Money Bonds, all as finally determined in the Sale Order, and issue 2026 Bonds at one or more times and in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2026 Senior Lien Bonds and/or 2026 Second Lien Bonds, all as finally determined in the Sale Order.

(b) Purpose of 2026 Bonds. The 2026 Bonds shall be issued as Additional Bonds for the purpose of (A) in the case of the 2026 New Money Bonds, paying, reimbursing and/or refinancing Project Costs, and (B) in the case of the 2026 Refunding Bonds, refunding the Bonds To Be Refunded and paying other Refunding Costs, including Issuance Costs relating to the 2026 Refunding Bonds, and may in each case include amounts necessary to satisfy the 2026 Reserve Requirement, if any, and paying the costs of a Credit Facility, if any.

(c) Limitations on Issuance of 2026 Refunding Bonds. No 2026 Refunding Bonds shall be issued unless:

(1) The proceeds thereof (exclusive of accrued interest), together with other moneys available to the Authority under the Ordinance, are sufficient to provide funds for all Refunding Costs, as set forth in the Sale Order.

(2) The Authority’s issuance and sale of the 2026 Refunding Bonds will meet the Savings Threshold.

(3) Concurrently with or prior to the delivery of the 2026 Refunding Bonds, an Authorized Officer gives notice to the Trustee to call for redemption at the applicable redemption price all of the Bonds To Be Refunded on the dates set forth in the Escrow Agreement, if any, or in the Sale Order in the absence of an Escrow Agreement. In such notice, an Authorized Officer may direct that the notice of redemption to be given by the Trustee to the Holders of the Bonds To Be Refunded pursuant to Section 303 of the Ordinance shall be given prior to the delivery of the 2026 Refunding Bonds and that such notice of redemption be conditioned upon the delivery of the 2026 Refunding Bonds and the funding of the Escrow Deposit, if any. As provided in Section 303 of the Ordinance, if such conditions in the notice of redemption are not satisfied on or before the date fixed for redemption, then the notice of redemption shall be canceled and of no further force or effect.

(d) Insufficient Proceeds. To the extent that proceeds of the 2026 New Money Bonds are insufficient to pay Project Costs, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Regional Water System on hand and legally available therefor, as determined by the Authority Board.

(e) Priority of Lien. The 2026 Bonds shall be issued as Senior Lien Bonds and/or Second Lien Bonds, as set forth in the Sale Order.

(f) Separate Series. The 2026 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.

(g) Taxable and Tax-Exempt 2026 Bonds. The 2026 Bonds may be issued as Taxable 2026 Bonds or Tax-Exempt 2026 Bonds, or as separate Series of both, as determined in the Sale Order.

(h) Source of Payment and Security. The 2026 Bonds shall be payable and secured as provided in Section 5.

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

Section 4. 2026 Bond Details.

(a) Designation.

(1) The 2026 Bonds shall bear the designations Water Supply System [Revenue][Revenue Refunding] [Senior Lien][Second Lien] Bonds, Series 2026[A/B/C/D] and shall include the Series designation and 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 Series Ordinance.

(2) If any Series of 2026 Bonds are not issued in 2026, an Authorized Officer is authorized in his or her discretion to re-designate the year and Series designation of such Series of 2026 Bonds and the various funds and accounts established hereunder to correspond with the year of issuance of such Series of 2026 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. 2026 Bonds shall be numbered in such manner as shall be determined in the Sale Order.

(c) Principal. 2026 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 July 1, or such other date as set forth in a 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 limitations applicable to Taxable 2026 Bonds in Section 4(j) hereof and the following limitations:

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

(d) Interest on 2026 Bonds. Each Series of 2026 Bonds or any portion of such Series may be issued as Fixed Rate Bonds or Term Rate Bonds, in accordance with Section 15 herein. 2026 Bonds shall bear interest at such rate or rates as determined in the Sale Order not in excess of the Maximum Rate. Interest on Fixed Rate Bonds and on Term Rate Bonds in the Initial Mode 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 Bonds shall be payable in lawful money of the United States. The principal of and premium, if any, on the 2026 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. The 2026 Bonds shall be dated such date or dates as determined in the Sale Order.

(g) Reserve Requirement. The 2026 Reserve Requirement, if any, with respect to each Series of the 2026 Bonds shall be satisfied by a deposit into the appropriate Bond Reserve Account of cash, a portion of the proceeds of such Series of 2026 Bonds, funds already on deposit in the appropriate Bond Reserve Account or the provision of a Credit Facility in the same amount and with a credit rating at the time of issuance of such Series of 2026 Bonds not less than the credit rating of such Series of 2026 Bonds, or any combination of the foregoing. The amounts, if any, required to be deposited in the Senior Lien Bond Reserve Account and the Second Lien Bond Reserve Account to cause the amounts on deposit therein to be at least equal to the Reserve Requirement for the Senior Lien Bonds and the Reserve Requirement for the Second Lien Bonds, respectively, shall be set forth in the Sale Order.

(h) Exchange. The registered owner of any 2026 Bond may exchange such 2026 Bond for a new 2026 Bond or Bonds of the same Series, 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 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 Bonds and shall

indicate its acceptance of such duties by a document filed with an Authorized Officer concurrently with the delivery of the 2026 Bonds.

(i) Execution and Delivery of 2026 Bonds. The 2026 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 Bonds to the Underwriter upon receiving the purchase price therefor in lawful money of the United States.

(j) Selection of Taxable 2026 Bonds for Redemption. Pursuant to Section 303 of the Ordinance, when Taxable 2026 Bonds are to be redeemed in part, an Authorized Officer shall specify to the Trustee the Series designation and maturity of the Taxable 2026 Bonds from which 2026 Bonds or portions of 2026 Bonds to be redeemed shall be selected. Subject to the Authorized Officer's specification, the particular Taxable 2026 Bonds or portions of Taxable 2026 Bonds to be redeemed will be selected by the Trustee by lot; provided, however, that the Trustee shall select Taxable 2026 Bonds to be redeemed on the basis of a pro rata pass-through distribution of principal in accordance with DTC procedures and provided that, so long as the Taxable 2026 Bonds are held in book-entry form the selection for redemption of such Taxable 2026 Bonds will be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on the basis of a pro-rata pass-through distribution of principal, the Taxable 2026 Bonds will be selected for redemption, in accordance with DTC procedures, by lot. The portion of any Taxable 2026 Bonds to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof

(k) Form of 2026 Bonds. Each Series of the 2026 Bonds shall be in substantially one of the following forms, subject to the Mode of issuance and subject to such changes, additions or deletions as determined by an Authorized Officer within the parameters of this 2026 Series Ordinance:

[Form of Fixed Rate Bond]

R-__

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF MACOMB, OAKLAND AND WAYNE
GREAT LAKES WATER AUTHORITY**

**WATER SUPPLY SYSTEM [REVENUE][REVENUE REFUNDING]
[SENIOR LIEN][SECOND LIEN] BOND, SERIES 2026__**

REGISTERED OWNER:

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, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above in lawful money of the United States of America. Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate per annum set forth above, and shall be payable on _____ 1, 20__ and semiannually on each July 1 and January 1 thereafter (each an “Interest Payment Date”) in lawful money of the United States of America.

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 Bond 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.

This Bond is one of a series of bonds designated “Water Supply System [Revenue][Revenue Refunding] [Senior Lien][Second Lien] Bonds, Series 2026__” 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. 2015-01 adopted by the Board on October 7, 2015, as amended (the “Bond Ordinance”), (iii)

the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in a Principal Amount not to Exceed \$945,000,000, adopted by the Board on _____, 2026 (the “Series Ordinance”), and (vi) a Sale Order of an Authorized 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 revenues of the Water System (as defined in the Bond Ordinance), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Water System (the “Net Revenues”), and a statutory lien on the Net Revenues and Pledged Assets (as defined in the Bond Ordinance) (the “Pledged Assets”) is hereby recognized and acknowledged. Such lien is a [first] [second] lien[, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first 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 [first] [second] 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 to the extent, and as provided in, the Sale Order.

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 WATER 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 Water System shall be outstanding, such rates for service furnished by the Water 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, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Water 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 Water 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.

[Remainder of Page Intentionally Left Blank]

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 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 one of the bonds designated by the Issuer as “Water Supply System [Revenue][Revenue Refunding] [Senior Lien][Second Lien] Bonds, Series 2026__”.

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.

END OF BOND FORM

[Form of Term Rate Bond]

R-__

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF MACOMB, OAKLAND AND WAYNE
GREAT LAKES WATER AUTHORITY**

**WATER SUPPLY SYSTEM [REVENUE][REVENUE REFUNDING]
[SENIOR LIEN][SECOND LIEN] BOND, SERIES 2026__**

REGISTERED OWNER: _____

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, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above in lawful money of the United States of America. Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate per annum set forth above, and shall be payable on _____ 1, 20__ and semiannually on each July 1 and January 1 thereafter (each an “Interest Payment Date”) in lawful money of the United States of America.

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 Bond 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 will be paid at a Fixed Rate or a Term Rate as selected by the Issuer and as determined in accordance with the Ordinance. In no event shall the interest rate on the Bonds be higher than the Maximum Rate, as defined in the Series Ordinance. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

This Bond is one of a series of bonds designated “Water Supply System [Revenue][Revenue Refunding] [Senior Lien][Second Lien] Bonds, Series 2026__” 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. 2015-01 adopted by the Board on October 7, 2015, as amended (the “Bond Ordinance”), (iii) the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and

Revenue Refunding Bonds in a Principal Amount not to Exceed \$945,000,000, adopted by the Board on _____, 2026 (the “Series Ordinance”), and (vi) a Sale Order of an Authorized 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. All terms not defined herein shall be as defined in the Ordinance.

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 revenues of the Water System (as defined in the Bond Ordinance), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Water System (the “Net Revenues”), and a statutory lien on the Net Revenues and Pledged Assets (as defined in the Bond Ordinance) (the “Pledged Assets”) is hereby recognized and acknowledged. Such lien is a [first] [second] lien[, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first 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 [first] [second] 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 at the option of the Issuer prior to maturity to the extent provided in the Sale Order, provided that while this Bond is in a Term Rate Mode, if not so redeemed by the Issuer prior to the day after the last day of the current Interest Period for this Bond (the “Mandatory Purchase Date”) this Bond shall be subject to mandatory purchase on the Mandatory Purchase Date.

By acceptance of this Bond, the Registered Owner agrees to tender this Bond for purchase on the Mandatory Purchase Date, as described above, and acknowledges that interest will cease to accrue on the Bond at the end of the then current Interest Period, provided that funds of the Authority authorized for such purchase are on deposit with the Trustee on such Mandatory Purchase Date.

The Purchase Price of a Bond delivered for purchase as described above (with all necessary endorsements) will be paid by the Trustee by wire transfer of immediately available moneys by 3:00 P.M. Eastern Time on the applicable purchase date; provided that the Authority shall have no obligation to purchase the Bonds of this Series to the extent Eligible Moneys have not been provided to the Trustee to satisfy the mandatory purchase, in which event the mandatory purchase will be deemed to have been rescinded for that date with respect to the Bonds of this Series subject to failed remarketing, and such Bonds of this Series will remain outstanding in the Term Rate Mode and at the Stepped Rate (as defined in the Series Ordinance). In the event that Bonds of this Series are subject to redemption at the option of the Authority are so redeemed prior to the Mandatory Purchase Date, such Bonds shall not be subject to mandatory purchase as provided herein.

While bearing interest at the Stepped Rate, such 2026 Bonds (i) will continue to be Outstanding, (ii) will continue to be remarketed at a new Term Rate or a Fixed Rate, to be purchased at the Purchase Price upon the availability of Eligible Moneys, as may be determined by an Authorized Officer of the Authority, and (iii) will be deemed to continue in a Term Rate Mode for all other purposes under the Series Ordinance, including terms relating to timing of interest payments, though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of the Ordinance. Notwithstanding anything to the contrary herein, on any day when 2026 Bonds are bearing interest at the Stepped Rate, the Authority may, at its sole discretion, redeem or purchase such 2026 Bonds with Eligible Moneys and with not less than one Business Day notice to Holders in accordance with the terms of the Ordinance.

Notwithstanding anything herein to the contrary, the Issuer may rescind any election by it to adjust the Mode for the Bonds to, or in the case of a Term Rate Mode continue, a New Mode or the Fixed Rate Mode by giving written notice thereof to the Trustee at least one Business Day prior to such Mode Change.

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 WATER 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 Water System shall be outstanding, such rates for service furnished by the Water 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, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Water 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 Water 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.

[Remainder of Page Intentionally Left Blank]

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 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 one of the bonds designated by the Issuer as “Water Supply System [Revenue][Revenue Refunding] [Senior Lien][Second Lien] Bonds, Series 2026__”.

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.

END OF BOND FORM

Payment of 2026 Bonds; Confirmation of Statutory Lien.

(a) The 2026 Bonds and the interest thereon shall be payable solely from the Pledged Assets.

(b) To secure payment of the 2026 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 Bonds as follows:

- (1) Such lien in favor of the 2026 Senior Lien Bonds shall be a first lien of equal standing and Priority of Lien with all issued, to be issued and outstanding Senior Lien Bonds.
- (2) Such lien in favor of the 2026 Second Lien Bonds shall be a second lien of equal standing and Priority of Lien with all issued, to be issued and outstanding Second Lien Bonds.

Section 6. Concerning the Securities Depository.

(a) As used herein:

“Beneficial Owner” means any Person who indirectly owns 2026 Bonds pursuant to the indirect ownership system maintained by the Securities Depository and its Participants, commonly known as the “Book-Entry Only System.”

“Participant” means any Person whose ownership of 2026 Bonds is shown on books of the Securities Depository.

(b) Initially, one fully-registered bond for each maturity of each Series of 2026 Bonds, in the aggregate principal amount of such maturity, shall be issued in the name of Cede & Co., as nominee of the Securities Depository, for the benefit of the Participants in the Book-Entry Only System. While the 2026 Bonds are 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 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 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 Bonds.

(c) The Trustee shall pay all principal (and premium, if any) of and interest on the 2026 Bonds only to or upon the order of the Securities Depository, 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 Bonds to the extent of the sum or sums so paid.

(d) If (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 Bonds that they be able to obtain 2026 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 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 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 Series Ordinance to the contrary, so long as any 2026 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 Bond and all notices of redemption, tender and otherwise with respect to such 2026 Bond shall be made and given, respectively, to the Securities Depository as provided in the blanket issuer letter of representations between the Authority and the Securities Depository;
- (2) if less than all of the 2026 Bonds of the same type of any maturity are to be redeemed, then the particular 2026 Bonds or portions of 2026 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 Bonds and premium, if any and interest on the 2026 Bonds shall be made in such manner as shall be prescribed by the Securities Depository; and
- (4) if a 2026 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 Bond pursuant to the procedures of the Securities Depository.

Section 7. Credit Facility.

(a) An Authorized Officer is authorized to negotiate and obtain a Credit Facility with respect to the 2026 Bonds, if the Authorized Officer determines that it is in the best interest of the Authority. An Authorized Officer is further authorized to renegotiate the terms of any outstanding Credit Facility, if the Authorized Officer determines that it is in the best interest of the Authority.

(b) An Authorized Officer is authorized to pay the cost of any such Credit Facility, if any, from the proceeds of the 2026 Bonds or any other funds legally available therefor.

(c) An Authorized Officer is authorized to make such covenants and agreements of the Authority as shall be necessary or appropriate in any agreement with the Credit Entity providing such Credit Facility, if any.

Section 8. Funds and Accounts; Flow of Funds. Except as otherwise provided in this 2026 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 9. Disposition of Proceeds.

(a) 2026 Senior Lien New Money Bonds.

- (1) Disposition of Accrued Interest and Capitalized Interest. From the proceeds of the sale of the 2026 Senior Lien New Money Bonds there shall be immediately deposited in the Senior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 Senior Lien New Money Bonds and, to the extent provided in the Sale Order, any capitalized interest on the 2026 Senior Lien New Money Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the Senior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 Senior Lien New Money Bonds.
- (2) Senior Lien Bond Reserve Account Deposit. If required as provided in Section 4(g) of this 2026 Series Ordinance, from the proceeds of the 2026 Senior Lien New Money Bonds, there shall next be applied an amount as set forth in the Sale Order to be deposited to the Senior Lien Bond Reserve Account, if any, at least equal to the 2026 Senior Lien Reserve Requirement after taking into account any Credit Facility or Credit Facilities to be acquired with the proceeds of the 2026 Senior Lien New Money Bonds or any other funds legally available therefor.
- (3) Construction Fund. The balance of the proceeds of the 2026 Senior Lien New Money Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 10.

(b) 2026 Second Lien New Money Bonds.

- (1) Disposition of Accrued Interest and Capitalized Interest. From the proceeds of the sale of the 2026 Second Lien New Money Bonds there shall be immediately deposited in the Second Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 Second Lien New Money Bonds and, to the extent provided in the Sale Order, any capitalized interest on the 2026 Second Lien New Money Bonds,

and the Authority may take credit for the amount so deposited against the amount required to be deposited in the Second Lien Debt Service Account for payment of the next maturing interest payment on the 2026 Second Lien New Money Bonds.

- (2) Second Lien Bond Reserve Account Deposit. If required as provided in Section 4(g) of this 2026 Series Ordinance, from the proceeds of the 2026 Second Lien New Money Bonds, there shall next be applied an amount as set forth in the Sale Order to be deposited to the Second Lien Bond Reserve Account, if any, at least equal to the 2026 Second Lien Reserve Requirement after taking into account any Credit Facility or Credit Facilities to be acquired with the proceeds of the 2026 Second Lien New Money Bonds or any other funds legally available therefor.
 - (3) Construction Fund. The balance of the proceeds of the 2026 Second Lien New Money Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 10.
- (c) 2026 Senior Lien Refunding Bonds.
- (1) Disposition of Accrued Interest and Capitalized Interest. From the proceeds of the sale of the 2026 Senior Lien Refunding Bonds there shall be immediately deposited in the Senior Lien Debt Service Account an amount equal to any accrued interest received on the delivery of the 2026 Senior Lien Refunding Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the Senior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 Senior Lien Refunding Bonds.
 - (2) Senior Lien Bond Reserve Account Deposit. If required as provided in Section 4(g) of this 2026 Series Ordinance, from the proceeds of the 2026 Senior Lien Refunding Bonds, there shall next be applied an amount as set forth in the Sale Order to be deposited to the Senior Lien Bond Reserve Account at least equal to the 2026 Senior Lien Reserve Requirement after taking into account any Credit Facility or Credit Facilities to be acquired with the proceeds of the 2026 Senior Lien Refunding Bonds or any other funds legally available therefor.
 - (3) Issuance Costs. As provided in the Sale Order, a portion of the proceeds from the sale of the 2026 Senior Lien Refunding Bonds shall be applied to the payment of Issuance Costs relating to the 2026 Refunding Bonds upon submission of proper documentation to an Authorized Officer.
 - (4) Additional Refunding Costs; Escrow Deposit. As provided in the Sale Order, the balance of the proceeds from the sale of the 2026 Senior Lien Refunding Bonds shall be used to fund the Escrow Deposit for any Bonds To Be Refunded and to pay any additional Refunding Costs. Such proceeds

may be used to acquire Government Obligations, which together with any remaining balance of such proceeds in the form of cash, shall constitute all or part of the Escrow Deposit, if any, to be held in an Escrow Fund. Additional proceeds remaining after payments and deposits made pursuant to this section, if any, shall be applied in accordance with the Ordinance.

(d) 2026 Second Lien Refunding Bonds.

- (1) Disposition of Accrued Interest and Capitalized Interest. From the proceeds of the sale of the 2026 Second Lien Refunding Bonds there shall be immediately deposited in the Second Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 Second Lien Refunding Bonds and, to the extent provided in the Sale Order, any capitalized interest on the 2026 Second Lien Refunding Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the Second Lien Debt Service Account for payment of the next maturing interest payment on the 2026 Second Lien Refunding Bonds.
- (2) Second Lien Bond Reserve Account Deposit. If required as provided in Section 4(g) of this 2026 Series Ordinance, from the proceeds of the 2026 Second Lien Refunding Bonds, there shall next be applied an amount as set forth in the Sale Order to be deposited to the Second Lien Bond Reserve Account at least equal to the 2026 Second Lien Reserve Requirement after taking into account any Credit Facility or Credit Facilities to be acquired with the proceeds of the 2026 Second Lien Refunding Bonds or any other funds legally available therefor.
- (3) Issuance Costs. As provided in the Sale Order, a portion of the proceeds from the sale of the 2026 Second Lien Refunding Bonds shall be applied to the payment of Issuance Costs relating to the 2026 Refunding Bonds upon submission of proper documentation to an Authorized Officer.
- (4) Additional Refunding Costs; Escrow Deposit. As provided in the Sale Order, the balance of the proceeds from the sale of the 2026 Second Lien Refunding Bonds shall be used to fund the Escrow Deposit for any Bonds To Be Refunded and to pay any additional Refunding Costs. Such proceeds may be used to acquire Government Obligations, which together with any remaining balance of such proceeds in the form of cash, shall constitute all or part of the Escrow Deposit, if any, to be held in an Escrow Fund. Additional proceeds remaining after payments and deposits made pursuant to this section, if any, shall be applied in accordance with the Ordinance.

Section 10. Construction Fund. A subaccount of the Authority Regional Construction Account of the Construction Fund established by the Ordinance shall be established for the 2026 New Money Bonds and designated the “Construction Fund, Series 2026,” and shall be established and maintained as a separate depository account with a Custodian as designated by the Chief

Financial Officer. Moneys in the Construction Fund, Series 2026 shall be applied solely to payment of Project Costs (or to the reimbursement of Project Costs paid by the Authority from other funds prior to the issuance of the 2026 New Money Bonds), except as otherwise provided in this Section 10.

- (a) Payments or reimbursements for 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 pursuant to and in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.
- (b) Payments or reimbursements for Project Costs consisting of Issuance Costs relating to the 2026 New Money Bonds and engineering, legal and financial costs shall be made upon submission of appropriate documentation to an Authorized Officer.
- (c) Pursuant to Section 512(a) of the Ordinance, the Chief Financial Officer is hereby authorized to designate separate accounts in the Construction Fund for the 2026 New Money Bonds, 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 New Money Bonds in connection with maintaining the exclusion, if any, from gross income for federal income tax purposes of interest on the 2026 New Money 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 11. Escrow Fund; Escrow Agreement.

(a) Establishment of Escrow Fund. The Escrow Deposit, if any, shall be held in or credited to an account designated as the “Great Lakes Water Authority Water Supply System Revenue Bonds Series 2026 Refunding Bonds Escrow Fund” (the “Escrow Fund”) pursuant to an escrow agreement (the “Escrow Agreement”).

(b) Escrow Agreement.

- (1) An Authorized Officer is authorized to enter into an Escrow Agreement on behalf of the Authority with U.S. Bank Trust Company, National Association as “Escrow Trustee.”
- (2) The Escrow Agreement, if any:

- a) shall be in the form and substance customary for refunding escrow agreements;
- b) may permit any balance after paying the principal (and premium, if any) and interest on the Bonds To Be Refunded to be applied to any lawful purpose of the Water System as directed by an Authorized Officer if such use will not, in the opinion of Bond Counsel, impair the exclusion of interest on the 2026 Refunding Bonds that are Tax-Exempt 2026 Bonds from gross income for federal income tax purposes; and
- c) shall otherwise be in the best interests of the Authority as determined by an Authorized Officer, as conclusively established by his or her execution of the Escrow Agreement.

Section 12. Tax Covenant.

(a) The Authority hereby covenants and represents with the registered owners of the Tax-Exempt 2026 Bonds that so long as any of the Tax-Exempt 2026 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 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 Bonds and moneys deemed to be proceeds of Tax-Exempt 2026 Bonds, and to prevent the Tax-Exempt 2026 Bonds from being or becoming “private activity bonds” as that term is used in the Code.

Section 13. Preliminary and Final Official Statements.

(a) An Authorized Officer shall assist in the preparation of the Preliminary Official Statement and is authorized to deem the portions of Preliminary Official Statement relating to the 2026 Bonds and the Authority “final” for purposes of the Rule.

(b) The Preliminary Official Statement with such changes and additions as an Authorized Officer shall approve shall constitute the final Official Statement or final Official Statements, as deemed necessary by an Authorized Officer (either the singular or the plural referred to herein as the “Official Statement”), and an Authorized Officer is authorized to execute the final Official Statement on behalf of the Authority approved by him or her with such changes as the Authorized Officer may authorize.

(c) Such final Preliminary Official Statement and final Official Statement and other offering materials satisfactory to an Authorized Officer are authorized to be distributed by the Underwriter in conjunction with the offering and sale of the 2026 Bonds.

Section 14. Continuing Disclosure. Unless otherwise set forth in the Sale Order because of an exemption from the Rule, the 2026 Bonds shall be subject to the Rule, and an Authorized Officer is authorized to execute and deliver the Continuing Disclosure Undertaking in form and substance customary for continuing disclosure undertakings entered into pursuant to the Rule.

Section 15. Sale of 2026 Bonds; Purchase Agreement.

(a) The 2026 Bonds shall be sold by negotiated sale to the Underwriter pursuant to a Purchase Agreement or Agreements 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 Series Ordinance. Such determination shall be conclusively established by the Authorized Officer's execution of the Purchase Agreement or Agreements.

(b) The Authority Board hereby determines that the sale of the 2026 Bonds by negotiated sale as described in subsection (a) is in the best interests of the Authority and will allow the 2026 Bonds to be sold in the most efficient manner so as to result in the lowest possible borrowing costs to the Authority.

(c) An Authorized Officer is authorized to accept, on behalf of the Authority, an offer from the Underwriter to purchase the 2026 Bonds subject to the following limitations:

- (1) The interest rate coupon with respect to 2026 Bonds initially issued in the Fixed Rate Mode shall not exceed 6%.
- (2) The purchase price of the 2026 Bonds shall not be less than 98% of the principal amount thereof.
- (3) The Underwriter's discount with respect to the 2026 Bonds or the compensation to be paid to the Underwriter shall not exceed 0.40% of the principal amount of the 2026 Bonds.
- (4) The Authority's issuance and sale of the 2026 Refunding Bonds will meet the Savings Threshold.
- (5) Any Term Rate to be borne by 2026 Bonds in the Initial Mode shall be determined in the Sale Order shall not exceed the Maximum Rate. Thereafter, the Authority may elect that such 2026 Bonds continue in a new Term Rate Mode pursuant to this subsection, but need not designate the Interest Period for such Term Rate Mode until the Rate Determination Date. A new Term Rate and Interest Period for such 2026 Bonds shall be determined by the Remarketing Agent, with the consent of an Authorized Officer of the Authority by written or electronic methods, on the Rate Determination Date, and the Remarketing Agent shall make the Term Rate available by telephone or electronic methods to any Notice Party requesting such rate. The Remarketing Agent shall give written notice of the Term Rate (other than the Term Rate in respect of the Initial Mode) to the Trustee promptly by electronic methods. The Term Rate for such 2026 Bonds (other than the Term Rate in respect of the Initial Mode) shall be the minimum rate

for the new Interest Period selected by the Authority delivered in writing or by electronic methods to the Remarketing Agent on or before the Rate Determination Date which, in the judgment of the Remarketing Agent, with the consent of an Authorized Officer of the Authority by written or electronic methods, under then-existing market conditions, will result in a sale of such 2026 Bonds at a price equal to the principal amount thereof on the effective date of such rate. No Interest Period in the Term Rate Mode shall extend beyond the day before the Maturity Date.

- (6) The Authority may elect that the 2026 Bonds in the Term Rate Mode be remarketed to the Fixed Rate Mode pursuant to this subsection. The Remarketing Agent shall, with the consent of an Authorized Officer of the Authority by written or electronic methods, determine the Fixed Rate for such 2026 Bonds to be remarketed into a Fixed Rate Mode on the Rate Determination Date for such 2026 Bonds. The Fixed Rate shall be any interest rate which, in the judgment of the Remarketing Agent, with the consent of an Authorized Officer of the Authority by written or electronic methods, under then-existing market conditions, will result in a sale of such 2026 Bonds at a price, including a premium price above the par amount of such 2026 Bonds, which will generate proceeds sufficient to satisfy the mandatory purchase of the principal and interest amount thereof. The Remarketing Agent shall give written notice of the Fixed Rate promptly to the Trustee. The Remarketing Agent shall make the Fixed Rate available by telephone or electronic methods to any other Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Remarketing Agent shall give notice of such rate by electronic methods.
- (7) Additional provisions, including without limitation provisions determining interest rates in the event any Remarketing Agent fails or is unable to determine the interest rate or the Interest Period for any 2026 Bonds, not in conflict with those provided herein may be provided in the Sale Order for the 2026 Bonds.

(d) An Authorized Officer is authorized to determine if the Purchase Agreement shall provide for liquidated damages and if so, the amount thereof, and if the purchaser of any Series of the 2026 Bonds shall be required to provide a good faith check and if so, the amount thereof.

(f) 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 New Money Bonds as required by Section 33 of Act 94.

Section 16. 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 Series Ordinance.

(b) In addition to determinations authorized elsewhere in this 2026 Series Ordinance, an Authorized Officer shall determine the Bonds To Be Refunded and aggregate principal amount of 2026 Refunding Bonds to be issued, but not in excess of the aggregate principal amount authorized by this 2026 Series Ordinance. An Authorized Officer shall also determine and establish, in accordance with this 2026 Series Ordinance, the maturities of the 2026 Refunding Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities, and the redemption provisions for the 2026 Refunding Bonds.

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

- (1) Such determination shall also include the type or types of 2026 New Money Bonds to be issued, whether to issue the 2026 New Money Bonds as Senior Lien Bonds or Second Lien Bonds and if in one or more Series, and the redemption provisions for the 2026 New Money Bonds.
- (2) An Authorized Officer shall also determine and establish, in accordance with this 2026 Series Ordinance, the maturities of the 2026 New Money Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities.

(d) 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 his or her discretion under Act 34 for one or more orders of approval to issue all or a portion of the 2026 Bonds, and such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the 2026 Bonds as authorized herein, and as required by the Michigan Department of Treasury or Act 34.

(e) 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 Bonds as Additional Bonds have been satisfied.

(f) An Authorized Officer is hereby authorized and directed to do and perform any and all other acts and things with respect to the 2026 Bonds which are necessary or appropriate to carry into effect, consistent with the Ordinance and this 2026 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 17. Changes in Mode; Mandatory Purchase of Bonds; Remarketing of Bonds.

(a) Term Rate Bonds are subject to mandatory purchase with Eligible Moneys on the Mandatory Purchase Date at the Purchase Price as provided herein, except as may otherwise be determined in the Sale Order for the 2026 Bonds. Term Rate Bonds are also subject to mandatory purchase at the election of the Authority with Eligible Moneys on a date commencing with an optional redemption date and prior to a Mandatory Purchase Date. If Term Rate Bonds are redeemed or purchased prior to a Mandatory Purchase Date, such bonds shall not be subject to purchase on the Mandatory Purchase Date.

(b) 2026 Bonds purchased pursuant to this subsection shall be delivered by the Holders to the Trustee at or before 12:00 Noon Eastern Time on a Mandatory Purchase Date or earlier purchase date, as applicable, and payment of the Purchase Price shall be made by wire transfer of immediately available Eligible Moneys by the Trustee by 3:00 P.M. Eastern Time on such Mandatory Purchase Date or earlier purchase date, as applicable, provided the Trustee is in receipt of Eligible Moneys sufficient to pay the Purchase Price.

(c) The Trustee shall give notice of such mandatory purchase to the Holders of Term Rate Bonds subject to mandatory purchase under this Section 17 not less than twenty (20) days prior to the Mandatory Purchase Date; provided, however, that notice of mandatory purchase at the election of the Authority with Eligible Moneys on a date commencing with an optional redemption date and prior to a Mandatory Purchase Date shall be given to Holders consistent with the notice requirements for redemptions as provided in Section 303 of the Ordinance. The notice to the Holders shall state the date that the Term Rate Bonds are subject to mandatory purchase, the Purchase Price, and that interest on such Term Rate Bonds shall cease to accrue from and after such purchase date, provided Eligible Moneys for such purchase are on deposit with the Trustee on such date.

(d) In the event of a failed remarketing wherein the conditions described herein have not been satisfied by an applicable Mandatory Purchase Date, then the new Interest Period shall not take effect; the Authority shall have no obligation to purchase any such 2026 Bonds; the mandatory purchase will be deemed to have been rescinded for that date with respect to such 2026 Bonds; and such 2026 Bonds shall bear interest from such date at the Stepped Rate. While bearing interest at the Stepped Rate, such 2026 Bonds (i) will continue to be Outstanding, (ii) are able to be remarketed at a new Term Rate or a Fixed Rate, to be purchased at the Purchase Price upon the availability of Eligible Moneys on a date, as may be determined by an Authorized Officer of the Authority, and (iii) will be deemed to continue in a Term Rate Mode for all other purposes under the Series Ordinance, including terms relating to timing of interest payments, though bearing interest during such time at the Stepped Rate until remarketed into a new Interest Period for a Term Rate Mode or a Fixed Rate Mode or redeemed in accordance with the terms of the Ordinance. Notwithstanding anything to the contrary herein, on any day when 2026 Bonds are bearing interest at the Stepped Rate, the Authority may, at its sole discretion, redeem or purchase such 2026 Bonds with Eligible Moneys and with not less than one Business Day notice to Holders.

(e) *Rescission of Election.* Notwithstanding anything herein to the contrary, the Authority may rescind any election by it to adjust the Mode for the Bonds to, or in the case of a Term Rate Mode continue, a New Mode or the Fixed Rate Mode prior to the proposed Mandatory

Purchase Date by giving written notice thereof to the Notice Parties prior to such proposed Mandatory Purchase Date.

(f) *Failure to Transmit Notice.* The failure to transmit notice of a mandatory purchase to any Holder of 2026 Bonds as described in this Section shall not affect the validity of the mandatory purchase of any other 2026 Bond with respect to which notice was so provided or transmitted. Any notice provided or transmitted will be conclusively presumed to have been given, whether or not actually received by any Holder.

Section 18. Ratification. All determinations and decisions of an Authorized Officer heretofore taken with respect to the issuance and sale of the 2026 Bonds as permitted or required by the Ordinance or law are hereby ratified, confirmed and approved.

Section 19. 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, letters of representation, documents, instruments, agreements, opinions and other papers as may be deemed necessary or appropriate to complete the sale, execution and delivery of the 2026 Bonds and otherwise give effect to the transactions contemplated by this 2026 Series Ordinance, as determined by such officials executing and delivering the foregoing items.

Section 20. 2026 Series Ordinance a Contract. The provisions of this 2026 Series Ordinance shall constitute a contract between the Authority and each registered owner of an outstanding 2026 Bond.

Section 21. Professional Services.

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

(b) PFM Financial Advisors LLC is hereby appointed as Financial Advisor for the 2026 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 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 Bonds or other available funds.

(d) An Authorized Officer is authorized to engage other consultants, including, without limitation, verification agents or other parties as she deems necessary or appropriate in connection with the sale, issuance and delivery of the 2026 Bonds and to pay the fees and expenses thereof from the proceeds of the 2026 Bonds or other available funds.

Section 22. Severability; Headings; and Conflict. If any section, paragraph, clause or provision of this 2026 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 Series

Ordinance. The section and paragraph headings in this 2026 Series Ordinance are furnished for convenience of reference only and shall not be considered to be part of this 2026 Series Ordinance.

Section 23. Publication and Recordation. This 2026 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 24. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2026 Series Ordinance are, to the extent of such conflict, repealed.

[Remainder of page intentionally left blank]

Section 25. Effective Date. This 2026 Series Ordinance shall be effective upon adoption.

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

GREAT LAKES WATER AUTHORITY

Signed _____
Chairperson

Signed _____
Secretary

Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds (2026)

4922-7233-5250 v9 [63818-73]

Great Lakes Water Authority

Resolution 2026-109

RE: Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in a Principal Amount not to Exceed \$945,000,000 Ordinance 2026-02

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 Issuance and Sale of Water Supply System Revenue and Revenue Refunding Bonds in an Amount not to Exceed \$945,000,000” (the “2026 Water Series Ordinance”), which ordinance is a Series Ordinance as defined and described in Master Bond Ordinance No. 2015-01 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 (as amended, the “Master Water Bond Ordinance”).

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 Water Series Ordinance.

Now, Therefore Be It:

Resolved That the 2026 Water 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 Water 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



Overview of Structures Authorized by Series Ordinance

March 27, 2026

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734.994.9710
pfm.com



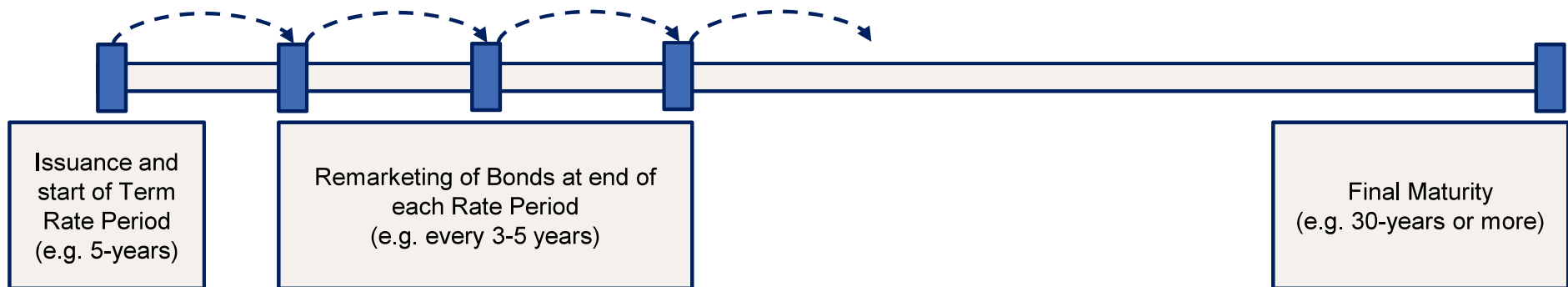
Comparison of Debt Structures Authorized by Series Ordinance

Product Overview	Term Rate	Fixed Rate
Interest Rate Reset Frequency	Up to 10 Years	Never
Remarketing Frequency	Up to 10 Years	Never
Source of Liquidity for Investors	None	Not required
Investor Tender Option	None	None
Mandatory Tender	Mandatory tender in 1-10 years; Hard put <u>or</u> soft put with amortization to term at a penalty rate	None
Failed Remarketing	If soft put, amortization to term at a "stepped rate" (e.g., 7 - 8%)	n/a
Maximum Rate	Lifetime cap on interest costs; Set at high level expected to accommodate any future rate environment (e.g., 9% and up)	n/a
Call Option	Typically, on each remarketing date or up to 6 months prior	Typically, callable after year 10
Issuer Risks		
Interest Rate Risk	At issuance and remarketing only	At issuance only
Remarketing Risk	At remarketing only	None
Issuer Credit Risk	At issuance and remarketing only	At issuance only
Bank Liquidity Risk	None	None
Investor Base	Broad	Broad



Overview of Term Rate Bonds

- ◆ Term Rate bonds offer an intermediate option between fixed rate debt and floating rate debt
- ◆ Key benefits are to take advantage of short end of the yield curve but gain budgetary certainty, limit impacts of short-term interest rate volatility, and eliminate exposure to bank counterparties
- ◆ Bonds bear interest at a fixed rate through the expiration of each Term Rate period of up to 10 years
 - Interest rate paid during the initial period and each subsequent Term Rate period is determined at initial pricing or remarketing date
 - At the end of each Term Rate period the bonds are remarketed into a subsequent Term Rate period or into another interest rate mode (could also be remarketed to Fixed Rate)
- ◆ If the bonds are not remarketed at the end of each Term Rate period, the bonds bear interest at a stepped rate (e.g. 7% - 8%) until they can be remarketed or until the maturity of the bonds
- ◆ **No investor demand option, acceleration of principal, or bank liquidity facility**





Term Rate Bonds Offer Variable Rate Benefits with Improved Risk Profile

Benefits

- **Lower Debt Service Costs**
 - Historically, short-term rates are lower than long-term rates
 - Issuer may realize lower interest costs than if fixed rate debt had been issued
- **Asset-Liability Management**
 - Interest rates are correlated with earnings on short-term investment portfolio
- **Diversified Investor Base**
 - Variable rate debt appeals to different market segments and investors
- **Budgetary Certainty**
 - Provides fixed debt service through initial period (1 to 7 years)
- **No Bank Liquidity Risks**
 - No bank liquidity facility eliminates risks related to termination, bank credit quality, and future replacement

Risks and Other Considerations

- **Interest Rate Risk:** Increased interest costs in the future if rates are higher at the remarketing date
 - Mitigant:** earnings on short-term investment portfolio serve as a hedge to increased bond interest rates
- **Issuer Credit Risk:** Increased interest costs in the future if issuer credit rating deteriorates between issuance date and remarketing date
 - Mitigant:** key credit factors are within control of management and Board
- **Remarketing Risk:** Failed remarketing is possible due to market disruption or issuer market access
 - Mitigant:** interest rate steps up to Penalty Rate but no acceleration of principal and failed remarketing is not an Event of Default



Variable Rate Debt Policy Considerations

- ◆ GLWA's Debt Management Policy provides guidance on the issuance of variable rate debt:
- ◆ *GLWA will consider issuance of Variable Rate Debt when it **improves matching of assets and liabilities, provides the potential for lower debt service costs over the term of the debt, adds flexibility to GLWA's capital structure, diversifies GLWA's investor base**, or in other circumstances where supported by an analysis and recommendation from GLWA's Registered Municipal Advisor that evaluates and quantifies the risks and opportunities*
 - *(1) Limitation on Net Variable Rate Debt Exposure. The percentage of Net Variable Rate Debt may not exceed 20% of GLWA's total outstanding debt. Net Variable Rate exposure is calculated by excluding Variable Rate Debt hedged by Interest Rate Swaps in a synthetic fixed rate structure or by GLWA short-term assets earning variable interest income*
 - *(2) Adequate Safeguards Against Risk. GLWA will ensure that financing structures and/or budgetary safeguards are in place to mitigate adverse impacts from interest rate shifts and liquidity risks; such structures could include, but are not limited to, interest rate caps, offsetting short-term cash investments held at GLWA, Letters or Lines of Credit or other Liquidity Facilities, soft puts, and conservative budgeting practices based on historical fluctuations in interest activity and current market assumptions*





Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Nick Fedewa, CPA, Public Finance Manager

Re: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$295,000,000 (Ordinance 2026-03)

Background & Analysis: See attached draft Great Lakes Water Authority (“GLWA”) Board letter.

Proposed Action: The Audit Committee recommends that the Great Lakes Water Authority Board of Directors approve the resolution for the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$295,000,000 (Ordinance 2026-03).

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..Title

Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$295,000,000 (Ordinance 2026-03)

..Body

Agenda of: April 22, 2026
Item No.: 2026-110
Amount: Not to Exceed \$295,000,000

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: April 22, 2026

RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$295,000,000 (Ordinance 2026-03)

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer\Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves the resolution for the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$295,000,000 (Ordinance 2026-03) as presented**, and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

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BACKGROUND

The Great Lakes Water Authority (“GLWA”) annually evaluates funding needed for its capital improvement program for the upcoming fiscal year within the available resources established by the annual budget and charge setting process. In addition, GLWA also utilizes this process to identify potential bond refunding candidates to reduce the cost of debt service as well as other debt structure considerations to support effective financial management. GLWA, working with a team of public finance professionals, has performed a preliminary scope analysis for the upcoming bond transaction in relation to market conditions. To prepare for all reasonable scenarios, the documents presented with this agenda item encompass both new money and refunding strategies.

New for the 2026 transaction, the bond documents encompass provisions to allow for variable rate debt to control the cost of borrowing. As it relates to these provisions, please note the following.

- In November 2025, GLWA and its financial advisor, PFM Financial Advisors LLC (“PFM”), met individually with each firm in the underwriting pool seeking benchmarking and best practice feedback from their experience with other water sector utilities. A consistent concept that emerged from these discussions was to consider variable rate debt.
- At the December 19, 2025 Audit Committee meeting, PFM, presented a municipal market outlook and considerations for the upcoming FY 2026 bond transaction – including consideration of including variable rate and the different variable rate products that are available to GLWA.
- At the January 30, 2026 Audit Committee meeting, PFM, presented an in-depth report on variable rate debt – including a history of a DWSD’s use of variable rate debt prior to the establishment of GLWA, analysis of variable rate debt in GLWA’s current debt portfolio, and a review of current variable rate alternatives.
- One of those alternatives discussed, and recommended for consideration in the upcoming transactions, is a “Term Rate” structure as it carries a favorable risk profile. Term Rate bonds offer an intermediate option between fixed rate debt and floating rate debt. The bonds bear interest at a fixed rate through the expiration of each Term Rate Period of up to 7 years. The key benefits of term rate bonds are they take advantage of the short end of the yield curve but gain budgetary certainty, limit impacts of short-term interest rate volatility, and eliminate exposure to bank counterparties. The key risks to consider are increased interest costs in the future if rates are higher at the remarketing date or if the issuer credit rating deteriorates between the issuance date and remarketing date and failed remarketing is possible due to market disruption or issuer market access. See attached PFM presentation.

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- GLWA's debt management policy allows for the use of variable rate debt. The variable rate debt structure considered in the proposed Series Ordinance aligns with priorities identified in the debt management policy, such as the anticipation of lower debt service costs, added flexibility of the capital structure, and diversification of investor base.
- During March 2026, GLWA sought feedback from three rating agencies related to variable rate debt. The consistent response was that the use of variable debt as part of an overall debt structure strategy is not viewed negatively if risks are appropriately managed and the exposure to variable rate obligations is not excessive.
- In addition to authorizing the issuance of variable rate debt in a "Term Rate" mode, the proposed Series Ordinance also authorizes the issuance of fixed rate bonds to provide flexibility in sourcing new money and to refund existing fixed rate obligations for debt service savings.
- The language authorizing the issuance and sale of variable rate debt is included in the proposed Series Ordinance and is highlighted in grey for reference.

For the Great Lakes Water Authority ("GLWA") to proceed with the issuance of new money bonds to support regional capital plan improvements and refunding of various outstanding sewage disposal system bonds for the purpose of achieving annual debt service savings, the GLWA Board must approve the included resolution approving the Series Ordinance.

The Series Ordinance sets forth the guidelines for the New Money and Refunding Bonds and authorizes the Chief Executive Officer of the Chief Financial Officer/Treasurer to execute the final terms of the Bonds, paying issuance costs and signing of the Bond Purchase Agreement, within the parameters set forth in the Series Ordinance.

JUSTIFICATION

New Money Portion: The authorized amount for the New Money Bonds is for an aggregate principal amount not to exceed \$60 million for the regional sewer system.

Refunding Portion: The authorized amount for the Refunding Bonds is for an aggregate principal amount of not to exceed \$235 million. The final par amount of the Refunding Bonds will be determined at the time of pricing and is based on current bond market pricing levels, issuance costs and the par amount of the bonds to be refunded by GLWA as determined by the savings level achieved.

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Key Provisions:

- Not to Exceed Par Amount: \$295 million (\$60 million for new money, \$235 million for refunding)
- Maximum Coupon Rate for Fixed Rate Bonds: 6.00%
- Maximum Coupon Rate for All Bonds: 9.00%
- Minimum Purchase Price: 98% of principal amount of bonds
- Maximum Underwriter Discount: 0.40% of principal amount of bonds
- Present Value Savings: Greater than 2.50% of principal amount of bonds to be refunded
- Permits the issuance of bonds in a “Term Rate Mode”, under which the bonds bear a fixed interest rate for an initial interest period and are subsequently remarketed into a new “Term Rate Mode” or converted to a permanent “Fixed Rate Mode”, as defined in the Series Ordinance.
- Authorizes an authorized officer to establish a “Stepped Rate” that will apply if the bonds cannot be successfully remarketed at the end of any interest period while in a “Term Rate Mode”.

BUDGET IMPACT

Savings resulting from the potential Sewer Refunding Bonds are not included in the FY 2027 budget or ten-year financial plan. When savings are achieved, the financial plan will be revised if necessary.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on March 27, 2026. The Audit Committee *[insert action]* the resolution for the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds in a Principal Amount Not to Exceed \$295,000,000 as presented.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.

GREAT LAKES WATER AUTHORITY
ORDINANCE NO. 2026-03

**SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF
SEWAGE DISPOSAL SYSTEM REVENUE AND REVENUE REFUNDING BONDS
IN A PRINCIPAL AMOUNT NOT TO EXCEED \$295,000,000**

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 and desirable to authorize at this time one or more Series of Revenue Bonds to pay all or part of the costs of the hereinafter described improvements, enlargements, extensions and repairs to the Regional Sewer System; and

WHEREAS, the Authority Board has determined that it is necessary and desirable to authorize at this time one or more Series of Revenue Refunding Bonds to refund a portion of Outstanding Bonds (the “Bonds To Be Refunded”) and cause the Bonds To Be Refunded to be defeased in accordance with the Ordinance, to secure savings for the Authority through the issuance of such Revenue Refunding Bonds.

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 Series Ordinance”) is adopted pursuant to Section 1102(1) of the Ordinance.

Section 2. Definitions. Except as otherwise provided in this 2026 Series Ordinance, all terms which are defined in Section 101 of the Ordinance shall have the same meanings, respectively, in this 2026 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 Bonds” means, collectively, the 2026 New Money Bonds and the 2026 Refunding Bonds authorized by Section 3 of this 2026 Series Ordinance.

(b) “2026 New Money Bonds” means those 2026 Bonds, if any, issued for the purpose of paying, reimbursing and/or refinancing Project Costs as authorized by Section 3 of this 2026 Series Ordinance.

(c) “2026 Project” means a portion of the improvements, enlargements, extensions and repairs to the Regional Sewer System identified in the Capital Improvement Program, all as more fully described in the Sale Order.

(d) “2026 Refunding Bonds” means those 2026 Bonds, if any, issued for the purpose of refunding the Bonds To Be Refunded and paying Refunding Costs as authorized by Section 3 of this 2026 Series Ordinance.

(e) “2026 Reserve Requirement” means the sum of the 2026 Senior Lien Reserve Requirement and the 2026 Second Lien Reserve Requirement.

(f) “2026 Second Lien Bonds” means, collectively, the 2026 Second Lien New Money Bonds and the 2026 Second Lien Refunding Bonds.

(g) “2026 Second Lien New Money Bonds” means those 2026 New Money Bonds, if any, issued as Second Lien Bonds as provided in this 2026 Series Ordinance.

(h) “2026 Second Lien Refunding Bonds” means those 2026 Refunding Bonds, if any, issued as Second Lien Bonds as provided in this 2026 Series Ordinance.

(i) “2026 Second Lien Reserve Requirement” means such amount, if any, as is determined in the Sale Order to be the amount necessary to make the amount on deposit in the Second Lien Bond Reserve Account at least equal to the Reserve Requirement for the Second Lien Bond Reserve Account immediately upon the issuance of the 2026 Second Lien Bonds after taking into consideration such provision as is made for the Reserve Requirement from proceeds of the 2026 Second Lien Bonds and other funds and Credit Facilities on deposit or to be deposited in the Second Lien Bond Reserve Account.

(j) “2026 Senior Lien Bonds” means, collectively, the 2026 Senior Lien New Money Bonds and the 2026 Senior Lien Refunding Bonds.

(k) “2026 Senior Lien New Money Bonds” means those 2026 New Money Bonds, if any, issued as Senior Lien Bonds as provided in this 2026 Series Ordinance.

(l) “2026 Senior Lien Refunding Bonds” means those 2026 Refunding Bonds, if any, issued as Senior Lien Bonds as provided in this 2026 Series Ordinance.

(m) “2026 Senior Lien Reserve Requirement” means such amount, if any, as is determined in the Sale Order to be the amount necessary to make the amount on deposit in the Senior Lien Bond Reserve Account at least equal to the Reserve Requirement for the Senior Lien Bond Reserve Account immediately upon the issuance of the 2026 Senior Lien Bonds after taking into consideration such provision as is made for the Reserve Requirement from proceeds of the 2026 Senior Lien Bonds and other funds and Credit Facilities on deposit or to be deposited in the Senior Lien Bond Reserve Account.

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

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

(p) “Bonds To Be Refunded” has the meaning set forth in the recitals hereto.

(q) “Continuing Disclosure Undertaking” means the continuing disclosure undertaking or undertakings with respect to the 2026 Bonds to be entered into by the Authority pursuant to the Rule.

(r) “Eligible Moneys” means any or a combination of (i) moneys on deposit with the Trustee representing proceeds from the remarketing by any Remarketing Agent of Bonds purchased as described in this 2026 Series Ordinance, or (ii) any other funds of the Authority legally available therefor.

(s) “Escrow Agreement” shall have the meaning set forth in Section 11 of this 2026 Series Ordinance.

(t) “Escrow Deposit” means cash or Government Obligations, or a combination of cash and Government Obligations, at least sufficient to discharge the lien of the Pledged Assets securing the Bonds To Be Refunded in accordance with Section 1001 of the Ordinance.

(u) “Fixed Rate Bonds” means all 2026 Bonds in the Fixed Rate Mode, and which may be Term Bonds, Serial Bonds or both.

(v) “Fixed Rate Mode” means the Mode during which any 2026 Bonds bear interest at a fixed rate, pursuant to Section 4(d) of this 2026 Series Ordinance, and which may consist of Term Bonds, Serial Bonds or both.

(w) “Initial Mode” means, for 2026 Bonds issued as Term Rate Bonds, the Term Rate Mode commencing on the date of issuance of the 2026 Bonds and ending on the day prior to the applicable Rate Adjustment Date, and for 2026 Bonds issued as Fixed Rate Bonds, the Fixed Rate Mode commencing on the date of issuance of the 2026 Bonds and ending on the maturity date of such Fixed Rate Bonds.

(x) “Interest Payment Date” means except as otherwise determined in the Sale Order each January 1, July 1, and each Rate Adjustment Date or such other dates and commencing as set forth in the Sale Order.

(y) “Interest Period” means for any 2026 Bond the period of time from and including the date of delivery or any Rate Adjustment Date for such 2026 Bond, as applicable, to but excluding the next succeeding Rate Adjustment Date for, or the Maturity of, such 2026 Bond, as applicable.

(z) “Mandatory Purchase Date” means, for 2026 Bonds issued in the Term Rate Mode, the day after the last day of the Mode or the Interest Period for a Series of 2026 Bonds.

(aa) “Maturity Date” means such dates of maturity of the 2026 Bonds as determined in the Sale Order.

(bb) “Maximum Rate” for any 2026 Bonds means the lesser of (a) 9 % per annum or (b) the maximum rate permitted by law.

(cc) “Mode” means, as the context may require, the Term Rate Mode or the Fixed Rate Mode.

(dd) “Mode Change” means, for 2026 Bonds issued in the Term Rate Mode, a change to a Fixed Rate Mode or the continuation in the Term Rate Mode determined in accordance with Section 15, whether or not such rate is different from the interest rate previously in effect on the 2026 Bonds.

(ee) “Notice Party”, or “Notice Parties” in the plural, shall mean the Authority, the Trustee and the Remarketing Agent.

(ff) “Official Statement” means the final disclosure document with respect to the 2026 Bonds.

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

(hh) “Preliminary Official Statement” means the preliminary disclosure document with respect to the 2026 Bonds.

(ii) “Project Costs” means the costs of acquiring, constructing, equipping, installing and financing the 2026 Project, including Issuance Costs relating to the 2026 New Money Bonds.

(jj) “Purchase Agreement” means any bond purchase agreement between the Authority and the Underwriter providing for the sale of any 2026 Bonds.

(kk) “Purchase Price” means (i) an amount equal to the principal amount of the 2026 Bonds to be purchased on a Mandatory Purchase Date, plus an amount equal to accrued interest, if any, to such Mandatory Purchase Date; or (ii) if the Authority elects to purchase the 2026 Bonds on a date commencing with an optional redemption date and prior to a Mandatory Purchase Date pursuant to Section 17 hereof, an amount equal to the principal amount of such 2026 Bonds, plus any redemption premium that would be paid if such 2026 Bonds were redeemed on such date, plus accrued and unpaid interest to such purchase date.

(ll) “Rate Adjustment Date” means each day on which such 2026 Bonds or portion thereof will begin to bear interest at a new Term Rate or Fixed Rate determined in accordance with Section 15, whether or not such rate is different from the rate of interest previously in effect on the 2026 Bonds.

(mm) “Rate Determination Date” means, as shall be determined in a Sale Order, the date on which the interest rate for the 2026 Bonds or portion thereof shall be determined, which, in the case of the Initial Mode for 2026 Bonds, shall be the date of the initial Sale Order of the 2026 Bonds and thereafter shall be a Business Day determined by an Authorized Officer of the Authority, which shall be at least one Business Day prior to a Rate Adjustment Date.

(nn) “Refunding Costs” means the costs of refunding the Bonds To Be Refunded, including, to the extent authorized in the Sale Order, the amount of the Escrow Deposit, if any, funding the 2026 Reserve Requirement, if any, and Issuance Costs relating to the 2026 Refunding Bonds.

(oo) “Regular Record Date” means the fifteenth day of the calendar month immediately preceding an Interest Payment Date for Fixed Rate Bonds.

(pp) “Remarketing Agent” any investment banking firm which shall be appointed Remarketing Agent by the Authority under a Remarketing Agreement to perform the remarketing obligations hereof.

(qq) “Remarketing Agreement” means a remarketing agreement relating to the 2026 Bonds, by and between the Authority and the Remarketing Agent, as it may be amended or supplemented from time to time in accordance with its terms.

(rr) “Rule” means Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended.

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

(tt) “Savings Threshold” means that the Authority will achieve an aggregate reduction in bond debt service that has a present value at the time of sale of the 2026 Refunding Bonds equal to at least two and one-half percent (2.5%) of the par value of the Bonds To Be Refunded, and in accordance with the Ordinance and applicable law.

(uu) “Securities Depository” means (i) The Depository Trust Company and its successors and assigns, if any, or (ii) any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2026 Bonds and which is selected by the Authority as provided in Section 6.

(vv) “Stepped Rate” means, with respect to 2026 Bonds in a Term Rate Mode, the interest rate applicable to such 2026 Bonds commencing on the day after the then-applicable Interest Period when there has occurred a failed remarketing of such 2026 Bonds, which Stepped Rate shall be determined (i) for such 2026 Bonds in the Initial Mode, in the Sale Order approving the terms for the 2026 Bonds, and (ii) for such 2026 Bonds in a Mode other than the Initial Mode, by an Authorized Officer of the Authority in a Supplemental Sale Order, but which Stepped Rate shall never exceed the Maximum Rate.

(ww) “Taxable 2026 Bonds” means any 2026 Bonds other than Tax-Exempt 2026 Bonds.

(xx) “Tax-Exempt 2026 Bonds” means any 2026 Bonds that are Tax-Exempt Bonds.

(yy) “Term Rate” means the per annum interest rate for the Bonds in the Term Rate Mode determined pursuant to Section 15 hereof.

(zz) “Term Rate Bonds” means all 2026 Bonds in the Term Rate Mode.

(aaa) “Term Rate Mode” means the Mode during which any 2026 Bonds bear interest at a per annum interest rate for Term Rate Bonds, pursuant to this 2026 Series Ordinance.

(bbb) “Underwriter” means, with respect to the 2026 Bonds, Siebert Williams Shank & Co., LLC., on behalf of itself and such underwriters as may be named in the Purchase Agreement.

Section 3. Authorization of 2026 Bonds.

(a) Authorization of Borrowing. The Authority may borrow (A) an aggregate principal amount, exclusive of premium, not in excess of \$235,000,000, in the case of the 2026 Refunding Bonds, and (B) an aggregate principal amount, exclusive of premium, not in excess of \$60,000,000, in the case of the 2026 New Money Bonds, all as finally determined in the Sale Order, and issue 2026 Bonds at one or more times and in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2026 Senior Lien Bonds and/or 2026 Second Lien Bonds, all as finally determined in the Sale Order.

(b) Purpose of 2026 Bonds. The 2026 Bonds shall be issued as Additional Bonds for the purpose of (A) in the case of the 2026 New Money Bonds, paying, reimbursing and/or refinancing Project Costs, and (B) in the case of the 2026 Refunding Bonds, refunding the Bonds To Be Refunded and paying other Refunding Costs, including Issuance Costs relating to the 2026 Refunding Bonds, and may in each case include amounts necessary to satisfy the 2026 Reserve Requirement, if any, and paying the costs of a Credit Facility, if any.

(c) Limitations on Issuance of 2026 Refunding Bonds. No 2026 Refunding Bonds shall be issued unless:

(1) The proceeds thereof (exclusive of accrued interest), together with other moneys available to the Authority under the Ordinance, are sufficient to provide funds for all Refunding Costs, as set forth in the Sale Order.

(2) The Authority’s issuance and sale of the 2026 Refunding Bonds will meet the Savings Threshold.

(3) Concurrently with or prior to the delivery of the 2026 Refunding Bonds, an Authorized Officer gives notice to the Trustee to call for redemption at the applicable redemption price all of the Bonds To Be Refunded on the dates set forth in the Escrow Agreement, if any, or in the Sale Order in the absence of an Escrow Agreement. In such notice, an Authorized Officer may direct that the notice of redemption to be given by the Trustee to the Holders of the Bonds To Be Refunded pursuant to Section 303 of the Ordinance shall be given prior to the delivery of the 2026 Refunding Bonds and that such notice of redemption be conditioned upon the delivery of the 2026 Refunding Bonds and the funding of the Escrow Deposit, if any. As provided in Section 303 of the Ordinance, if such conditions in the notice of redemption are not satisfied on or before the date fixed for redemption, then the notice of redemption shall be canceled and of no further force or effect.

(d) Insufficient Proceeds. To the extent that proceeds of the 2026 New Money Bonds are insufficient to pay 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) Priority of Lien. The 2026 Bonds shall be issued as Senior Lien Bonds and/or Second Lien Bonds, as set forth in the Sale Order.

(f) Separate Series. The 2026 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.

(g) Taxable and Tax-Exempt 2026 Bonds. The 2026 Bonds may be issued as Taxable 2026 Bonds or Tax-Exempt 2026 Bonds, or as separate Series of both, as determined in the Sale Order.

(h) Source of Payment and Security. The 2026 Bonds shall be payable and secured as provided in Section 5.

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

Section 4. 2026 Bond Details.

(a) Designation.

(1) The 2026 Bonds shall bear the designations Sewage Disposal System [Revenue][Revenue Refunding] [Senior Lien][Second Lien] Bonds, Series 2026[A/B/C/D] and shall include the Series designation and 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 Series Ordinance.

(2) If any Series of 2026 Bonds are not issued in 2026, an Authorized Officer is authorized in his or her discretion to re-designate the year and Series designation of such Series of 2026 Bonds and the various funds and accounts established hereunder to correspond with the year of issuance of such Series of 2026 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. 2026 Bonds shall be numbered in such manner as shall be determined in the Sale Order.

(c) Principal. 2026 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 July 1, or such other date as set forth in a 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 limitations applicable to Taxable 2026 Bonds in Section 4(j) hereof and the following limitations:

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

(d) Interest on 2026 Bonds. Each Series of 2026 Bonds or any portion of such Series may be issued as Fixed Rate Bonds or Term Rate Bonds, in accordance with Section 15 herein. 2026 Bonds shall bear interest at such rate or rates as determined in the Sale Order not in excess of the Maximum Rate. Interest on Fixed Rate Bonds and on Term Rate Bonds in the Initial Mode 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 Bonds shall be payable in lawful money of the United States. The principal of and premium, if any, on the 2026 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. The 2026 Bonds shall be dated such date or dates as determined in the Sale Order.

(g) Reserve Requirement. The 2026 Reserve Requirement, if any, with respect to each Series of the 2026 Bonds shall be satisfied by a deposit into the appropriate Bond Reserve Account of cash, a portion of the proceeds of such Series of 2026 Bonds, funds already on deposit in the appropriate Bond Reserve Account or the provision of a Credit Facility in the same amount and with a credit rating at the time of issuance of such Series of 2026 Bonds not less than the credit rating of such Series of 2026 Bonds, or any combination of the foregoing. The amounts, if any, required to be deposited in the Senior Lien Bond Reserve Account and the Second Lien Bond Reserve Account to cause the amounts on deposit therein to be at least equal to the Reserve Requirement for the Senior Lien Bonds and the Reserve Requirement for the Second Lien Bonds, respectively, shall be set forth in the Sale Order.

(h) Exchange. The registered owner of any 2026 Bond may exchange such 2026 Bond for a new 2026 Bond or Bonds of the same Series, 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 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 Bonds and shall

indicate its acceptance of such duties by a document filed with an Authorized Officer concurrently with the delivery of the 2026 Bonds.

(i) Execution and Delivery of 2026 Bonds. The 2026 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 Bonds to the Underwriter upon receiving the purchase price therefor in lawful money of the United States.

(j) Selection of Taxable 2026 Bonds for Redemption. Pursuant to Section 303 of the Ordinance, when Taxable 2026 Bonds are to be redeemed in part, an Authorized Officer shall specify to the Trustee the Series designation and maturity of the Taxable 2026 Bonds from which 2026 Bonds or portions of 2026 Bonds to be redeemed shall be selected. Subject to the Authorized Officer's specification, the particular Taxable 2026 Bonds or portions of Taxable 2026 Bonds to be redeemed will be selected by the Trustee by lot; provided, however, that the Trustee shall select Taxable 2026 Bonds to be redeemed on the basis of a pro rata pass-through distribution of principal in accordance with DTC procedures and provided that, so long as the Taxable 2026 Bonds are held in book-entry form the selection for redemption of such Taxable 2026 Bonds will be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on the basis of a pro-rata pass-through distribution of principal, the Taxable 2026 Bonds will be selected for redemption, in accordance with DTC procedures, by lot. The portion of any Taxable 2026 Bonds to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof

(k) Form of 2026 Bonds. Each Series of the 2026 Bonds shall be in substantially one of the following forms, subject to the Mode of issuance and subject to such changes, additions or deletions as determined by an Authorized Officer within the parameters of this 2026 Series Ordinance:

[Form of Fixed Rate Bond]

R-__

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF MACOMB, OAKLAND AND WAYNE
GREAT LAKES WATER AUTHORITY**

**SEWAGE DISPOSAL SYSTEM [REVENUE][REVENUE REFUNDING]
[SENIOR LIEN][SECOND LIEN] BOND, SERIES 2026__**

REGISTERED OWNER:

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, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above in lawful money of the United States of America. Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate per annum set forth above, and shall be payable on _____ 1, 20__ and semiannually on each July 1 and January 1 thereafter (each an “Interest Payment Date”) in lawful money of the United States of America.

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 Bond 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.

This Bond is one of a series of bonds designated “Sewage Disposal System Revenue [Revenue][Revenue Refunding] [Senior Lien][Second Lien] Bonds, Series 2026__” 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 and Revenue Refunding Bonds in a Principal Amount not to Exceed \$295,000,000, adopted by the Board on _____, 2026 (the “Series Ordinance”), and (vi) a Sale Order of an Authorized 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 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 (as defined in the Bond Ordinance) (the “Pledged Assets”) is hereby recognized and acknowledged. Such lien is a [first] [second] lien[, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first 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 [first] [second] 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 to the extent, and as provided in, the Sale Order.

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, 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 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 one of the bonds designated by the Issuer as “Sewage Disposal System [Revenue][Revenue Refunding] [Senior Lien][Second Lien] Bonds, Series 2026__”.

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.

END OF BOND FORM

[Form of Term Rate Bond]

R-__

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF MACOMB, OAKLAND AND WAYNE
GREAT LAKES WATER AUTHORITY**

**SEWAGE DISPOSAL SYSTEM [REVENUE][REVENUE REFUNDING]
[SENIOR LIEN][SECOND LIEN] BOND, SERIES 2026__**

REGISTERED OWNER: _____

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, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above in lawful money of the United States of America. Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate per annum set forth above, and shall be payable on _____ 1, 20__ and semiannually on each July 1 and January 1 thereafter (each an “Interest Payment Date”) in lawful money of the United States of America.

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 Bond 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 will be paid at a Fixed Rate or a Term Rate as selected by the Issuer and as determined in accordance with the Ordinance. In no event shall the interest rate on the Bonds be higher than the Maximum Rate, as defined in the Series Ordinance. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

This Bond is one of a series of bonds designated “Sewage Disposal System [Revenue][Revenue Refunding] [Senior Lien][Second Lien] Bonds, Series 2026__” 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. 2015-01 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 and

Revenue Refunding Bonds in a Principal Amount not to Exceed \$[295,000,000], adopted by the Board on _____, 2026 (the “Series Ordinance”), and (vi) a Sale Order of an Authorized 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. All terms not defined herein shall be as defined in the Ordinance.

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 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 (as defined in the Bond Ordinance) (the “Pledged Assets”) is hereby recognized and acknowledged. Such lien is a [first] [second] lien[, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first 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 [first] [second] 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 at the option of the Issuer prior to maturity to the extent provided in the Sale Order, provided that while this Bond is in a Term Rate Mode, if not so redeemed by the Issuer prior to the day after the last day of the current Interest Period for this Bond (the “Mandatory Purchase Date”) this Bond shall be subject to mandatory purchase on the Mandatory Purchase Date.

By acceptance of this Bond, the Registered Owner agrees to tender this Bond for purchase on the Mandatory Purchase Date, as described above, and acknowledges that interest will cease to accrue on the Bond at the end of the then current Interest Period, provided that funds of the Authority authorized for such purchase are on deposit with the Trustee on such Mandatory Purchase Date.

The Purchase Price of a Bond delivered for purchase as described above (with all necessary endorsements) will be paid by the Trustee by wire transfer of immediately available moneys by 3:00 P.M. Eastern Time on the applicable purchase date; provided that the Authority shall have no obligation to purchase the Bonds of this Series to the extent Eligible Moneys have not been provided to the Trustee to satisfy the mandatory purchase, in which event the mandatory purchase will be deemed to have been rescinded for that date with respect to the Bonds of this Series subject to failed remarketing, and such Bonds of this Series will remain outstanding in the Term Rate Mode and at the Stepped Rate (as defined in the Series Ordinance). In the event that Bonds of this Series are subject to redemption at the option of the Authority are so redeemed prior to the Mandatory Purchase Date, such Bonds shall not be subject to mandatory purchase as provided herein.

While bearing interest at the Stepped Rate, such Bonds (i) will continue to be Outstanding, (ii) will continue to be remarketed at a new Term Rate or a Fixed Rate, to be purchased at the Purchase Price upon the availability of Eligible Moneys, as may be determined by an Authorized Officer of the Authority, and (iii) will be deemed to continue in a Term Rate Mode for all other purposes under the Series Ordinance, including terms relating to timing of interest payments, though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of the Ordinance. Notwithstanding anything to the contrary herein, on any day when 2026 Bonds are bearing interest at the Stepped Rate, the Authority may, at its sole discretion, redeem or purchase such 2026 Bonds with Eligible Moneys and with not less than one Business Day notice to Holders in accordance with the terms of the Ordinance.

Notwithstanding anything herein to the contrary, the Issuer may rescind any election by it to adjust the Mode for the Bonds to, or in the case of a Term Rate Mode continue, a New Mode or the Fixed Rate Mode by giving written notice thereof to the Trustee at least one Business Day prior to such Mode Change.

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, 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.

[Remainder of Page Intentionally Left Blank]

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 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 one of the bonds designated by the Issuer as “Sewage Disposal System [Revenue][Revenue Refunding] [Senior Lien][Second Lien] Bonds, Series 2026__”.

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.

END OF BOND FORM

Section 5. Payment of 2026 Bonds; Confirmation of Statutory Lien.

(a) The 2026 Bonds and the interest thereon shall be payable solely from the Pledged Assets.

(b) To secure payment of the 2026 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 Bonds as follows:

- (1) Such lien in favor of the 2026 Senior Lien Bonds shall be a first lien of equal standing and Priority of Lien with all issued, to be issued and outstanding Senior Lien Bonds.
- (2) Such lien in favor of the 2026 Second Lien Bonds shall be a second lien of equal standing and Priority of Lien with all issued, to be issued and outstanding Second Lien Bonds.

Section 6. Concerning the Securities Depository.

(a) As used herein:

“Beneficial Owner” means any Person who indirectly owns 2026 Bonds pursuant to the indirect ownership system maintained by the Securities Depository and its Participants, commonly known as the “Book-Entry Only System.”

“Participant” means any Person whose ownership of 2026 Bonds is shown on books of the Securities Depository.

(b) Initially, one fully-registered bond for each maturity of each Series of 2026 Bonds, in the aggregate principal amount of such maturity, shall be issued in the name of Cede & Co., as nominee of the Securities Depository, for the benefit of the Participants in the Book-Entry Only System. While the 2026 Bonds are 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 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 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 Bonds.

(c) The Trustee shall pay all principal (and premium, if any) of and interest on the 2026 Bonds only to or upon the order of the Securities Depository, 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 Bonds to the extent of the sum or sums so paid.

(d) If (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 Bonds that they be able to obtain 2026 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 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 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 Series Ordinance to the contrary, so long as any 2026 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 Bond and all notices of redemption, tender and otherwise with respect to such 2026 Bond shall be made and given, respectively, to the Securities Depository as provided in the blanket issuer letter of representations between the Authority and the Securities Depository;
- (2) if less than all of the 2026 Bonds of the same type of any maturity are to be redeemed, then the particular 2026 Bonds or portions of 2026 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 Bonds and premium, if any and interest on the 2026 Bonds shall be made in such manner as shall be prescribed by the Securities Depository; and
- (4) if a 2026 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 Bond pursuant to the procedures of the Securities Depository.

Section 7. Credit Facility.

(a) An Authorized Officer is authorized to negotiate and obtain a Credit Facility with respect to the 2026 Bonds, if the Authorized Officer determines that it is in the best interest of the Authority. An Authorized Officer is further authorized to renegotiate the terms of any outstanding Credit Facility, if the Authorized Officer determines that it is in the best interest of the Authority.

(b) An Authorized Officer is authorized to pay the cost of any such Credit Facility, if any, from the proceeds of the 2026 Bonds or any other funds legally available therefor.

(c) An Authorized Officer is authorized to make such covenants and agreements of the Authority as shall be necessary or appropriate in any agreement with the Credit Entity providing such Credit Facility, if any.

Section 8. Funds and Accounts; Flow of Funds. Except as otherwise provided in this 2026 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 9. Disposition of Proceeds.

(a) 2026 Senior Lien New Money Bonds.

- (1) Disposition of Accrued Interest and Capitalized Interest. From the proceeds of the sale of the 2026 Senior Lien New Money Bonds there shall be immediately deposited in the Senior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 Senior Lien New Money Bonds and, to the extent provided in the Sale Order, any capitalized interest on the 2026 Senior Lien New Money Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the Senior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 Senior Lien New Money Bonds.
- (2) Senior Lien Bond Reserve Account Deposit. If required as provided in Section 4(g) of this 2026 Series Ordinance, from the proceeds of the 2026 Senior Lien New Money Bonds, there shall next be applied an amount as set forth in the Sale Order to be deposited to the Senior Lien Bond Reserve Account, if any, at least equal to the 2026 Senior Lien Reserve Requirement after taking into account any Credit Facility or Credit Facilities to be acquired with the proceeds of the 2026 Senior Lien New Money Bonds or any other funds legally available therefor.
- (3) Construction Fund. The balance of the proceeds of the 2026 Senior Lien New Money Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 10.

(b) 2026 Second Lien New Money Bonds.

- (1) Disposition of Accrued Interest and Capitalized Interest. From the proceeds of the sale of the 2026 Second Lien New Money Bonds there shall be immediately deposited in the Second Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 Second Lien New Money Bonds and, to the extent provided in the Sale Order, any capitalized interest on the 2026 Second Lien New Money Bonds,

and the Authority may take credit for the amount so deposited against the amount required to be deposited in the Second Lien Debt Service Account for payment of the next maturing interest payment on the 2026 Second Lien New Money Bonds.

- (2) Second Lien Bond Reserve Account Deposit. If required as provided in Section 4(g) of this 2026 Series Ordinance, from the proceeds of the 2026 Second Lien New Money Bonds, there shall next be applied an amount as set forth in the Sale Order to be deposited to the Second Lien Bond Reserve Account, if any, at least equal to the 2026 Second Lien Reserve Requirement after taking into account any Credit Facility or Credit Facilities to be acquired with the proceeds of the 2026 Second Lien New Money Bonds or any other funds legally available therefor.
 - (3) Construction Fund. The balance of the proceeds of the 2026 Second Lien New Money Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 10.
- (c) 2026 Senior Lien Refunding Bonds.
- (1) Disposition of Accrued Interest and Capitalized Interest. From the proceeds of the sale of the 2026 Senior Lien Refunding Bonds there shall be immediately deposited in the Senior Lien Debt Service Account an amount equal to any accrued interest received on the delivery of the 2026 Senior Lien Refunding Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the Senior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 Senior Lien Refunding Bonds.
 - (2) Senior Lien Bond Reserve Account Deposit. If required as provided in Section 4(g) of this 2026 Series Ordinance, from the proceeds of the 2026 Senior Lien Refunding Bonds, there shall next be applied an amount as set forth in the Sale Order to be deposited to the Senior Lien Bond Reserve Account at least equal to the 2026 Senior Lien Reserve Requirement after taking into account any Credit Facility or Credit Facilities to be acquired with the proceeds of the 2026 Senior Lien Refunding Bonds or any other funds legally available therefor.
 - (3) Issuance Costs. As provided in the Sale Order, a portion of the proceeds from the sale of the 2026 Senior Lien Refunding Bonds shall be applied to the payment of Issuance Costs relating to the 2026 Refunding Bonds upon submission of proper documentation to an Authorized Officer.
 - (4) Additional Refunding Costs; Escrow Deposit. As provided in the Sale Order, the balance of the proceeds from the sale of the 2026 Senior Lien Refunding Bonds shall be used to fund the Escrow Deposit for any Bonds To Be Refunded and to pay any additional Refunding Costs. Such proceeds

may be used to acquire Government Obligations, which together with any remaining balance of such proceeds in the form of cash, shall constitute all or part of the Escrow Deposit, if any, to be held in an Escrow Fund. Additional proceeds remaining after payments and deposits made pursuant to this section, if any, shall be applied in accordance with the Ordinance.

(d) 2026 Second Lien Refunding Bonds.

- (1) Disposition of Accrued Interest and Capitalized Interest. From the proceeds of the sale of the 2026 Second Lien Refunding Bonds there shall be immediately deposited in the Second Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 Second Lien Refunding Bonds and, to the extent provided in the Sale Order, any capitalized interest on the 2026 Second Lien Refunding Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the Second Lien Debt Service Account for payment of the next maturing interest payment on the 2026 Second Lien Refunding Bonds.
- (2) Second Lien Bond Reserve Account Deposit. If required as provided in Section 4(g) of this 2026 Series Ordinance, from the proceeds of the 2026 Second Lien Refunding Bonds, there shall next be applied an amount as set forth in the Sale Order to be deposited to the Second Lien Bond Reserve Account at least equal to the 2026 Second Lien Reserve Requirement after taking into account any Credit Facility or Credit Facilities to be acquired with the proceeds of the 2026 Second Lien Refunding Bonds or any other funds legally available therefor.
- (3) Issuance Costs. As provided in the Sale Order, a portion of the proceeds from the sale of the 2026 Second Lien Refunding Bonds shall be applied to the payment of Issuance Costs relating to the 2026 Refunding Bonds upon submission of proper documentation to an Authorized Officer.
- (4) Additional Refunding Costs; Escrow Deposit. As provided in the Sale Order, the balance of the proceeds from the sale of the 2026 Second Lien Refunding Bonds shall be used to fund the Escrow Deposit for any Bonds To Be Refunded and to pay any additional Refunding Costs. Such proceeds may be used to acquire Government Obligations, which together with any remaining balance of such proceeds in the form of cash, shall constitute all or part of the Escrow Deposit, if any, to be held in an Escrow Fund. Additional proceeds remaining after payments and deposits made pursuant to this section, if any, shall be applied in accordance with the Ordinance.

Section 10. Construction Fund. A subaccount of the Authority Regional Construction Account of the Construction Fund established by the Ordinance shall be established for the 2026 New Money Bonds and designated the “Construction Fund, Series 2026,” and shall be established and maintained as a separate depository account with a Custodian as designated by the Chief

Financial Officer. Moneys in the Construction Fund, Series 2026 shall be applied solely to payment of Project Costs (or to the reimbursement of Project Costs paid by the Authority from other funds prior to the issuance of the 2026 New Money Bonds), except as otherwise provided in this Section 10.

- (a) Payments or reimbursements for 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 pursuant to and in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.
- (b) Payments or reimbursements for Project Costs consisting of Issuance Costs relating to the 2026 New Money Bonds and engineering, legal and financial costs shall be made upon submission of appropriate documentation to an Authorized Officer.
- (c) Pursuant to Section 512(a) of the Ordinance, the Chief Financial Officer is hereby authorized to designate separate accounts in the Construction Fund for the 2026 New Money Bonds, 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 New Money Bonds in connection with maintaining the exclusion, if any, from gross income for federal income tax purposes of interest on the 2026 New Money 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 11. Escrow Fund; Escrow Agreement.

(a) Establishment of Escrow Fund. The Escrow Deposit, if any, shall be held in or credited to an account designated as the “Great Lakes Water Authority Sewage Disposal System Revenue Bonds Series 2026 Refunding Bonds Escrow Fund” (the “Escrow Fund”) pursuant to an escrow agreement (the “Escrow Agreement”).

(b) Escrow Agreement.

- (1) An Authorized Officer is authorized to enter into an Escrow Agreement on behalf of the Authority with U.S. Bank Trust Company, National Association as “Escrow Trustee.”
- (2) The Escrow Agreement, if any:

- a) shall be in the form and substance customary for refunding escrow agreements;
- b) may permit any balance after paying the principal (and premium, if any) and interest on the Bonds To Be Refunded to be applied to any lawful purpose of the Sewer System as directed by an Authorized Officer if such use will not, in the opinion of Bond Counsel, impair the exclusion of interest on the 2026 Refunding Bonds that are Tax-Exempt 2026 Bonds from gross income for federal income tax purposes; and
- c) shall otherwise be in the best interests of the Authority as determined by an Authorized Officer, as conclusively established by his or her execution of the Escrow Agreement.

Section 12. Tax Covenant.

(a) The Authority hereby covenants and represents with the registered owners of the Tax-Exempt 2026 Bonds that so long as any of the Tax-Exempt 2026 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 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 Bonds and moneys deemed to be proceeds of Tax-Exempt 2026 Bonds, and to prevent the Tax-Exempt 2026 Bonds from being or becoming “private activity bonds” as that term is used in the Code.

Section 13. Preliminary and Final Official Statements.

(a) An Authorized Officer shall assist in the preparation of the Preliminary Official Statement and is authorized to deem the portions of Preliminary Official Statement relating to the 2026 Bonds and the Authority “final” for purposes of the Rule.

(b) The Preliminary Official Statement with such changes and additions as an Authorized Officer shall approve shall constitute the final Official Statement or final Official Statements, as deemed necessary by an Authorized Officer (either the singular or the plural referred to herein as the “Official Statement”), and an Authorized Officer is authorized to execute the final Official Statement on behalf of the Authority approved by him or her with such changes as the Authorized Officer may authorize.

(c) Such final Preliminary Official Statement and final Official Statement and other offering materials satisfactory to an Authorized Officer are authorized to be distributed by the Underwriter in conjunction with the offering and sale of the 2026 Bonds.

Section 14. Continuing Disclosure. Unless otherwise set forth in the Sale Order because of an exemption from the Rule, the 2026 Bonds shall be subject to the Rule, and an Authorized Officer is authorized to execute and deliver the Continuing Disclosure Undertaking in form and substance customary for continuing disclosure undertakings entered into pursuant to the Rule.

Section 15. Sale of 2026 Bonds; Purchase Agreement.

(a) The 2026 Bonds shall be sold by negotiated sale to the Underwriter pursuant to a Purchase Agreement or Agreements 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 Series Ordinance. Such determination shall be conclusively established by the Authorized Officer's execution of the Purchase Agreement or Agreements.

(b) The Authority Board hereby determines that the sale of the 2026 Bonds by negotiated sale as described in subsection (a) is in the best interests of the Authority and will allow the 2026 Bonds to be sold in the most efficient manner so as to result in the lowest possible borrowing costs to the Authority.

(c) An Authorized Officer is authorized to accept, on behalf of the Authority, an offer from the Underwriter to purchase the 2026 Bonds subject to the following limitations:

- (1) The interest rate coupon with respect to 2026 Bonds initially issued in the Fixed Rate Mode shall not exceed 6%.
- (2) The purchase price of the 2026 Bonds shall not be less than 98% of the principal amount thereof.
- (3) The Underwriter's discount with respect to the 2026 Bonds or the compensation to be paid to the Underwriter shall not exceed 0.40% of the principal amount of the 2026 Bonds.
- (4) The Authority's issuance and sale of the 2026 Refunding Bonds will meet the Savings Threshold.
- (5) Any Term Rate to be borne by 2026 Bonds in the Initial Mode shall be determined in the Sale Order shall not exceed the Maximum Rate. Thereafter, the Authority may elect that such 2026 Bonds continue in a new Term Rate Mode pursuant to this subsection, but need not designate the Interest Period for such Term Rate Mode until the Rate Determination Date. A new Term Rate and Interest Period for such 2026 Bonds shall be determined by the Remarketing Agent, with the consent of an Authorized Officer of the Authority by written or electronic methods, on the Rate Determination Date, and the Remarketing Agent shall make the Term Rate available by telephone or electronic methods to any Notice Party requesting such rate. The Remarketing Agent shall give written notice of the Term Rate (other than the Term Rate in respect of the Initial Mode) to the Trustee promptly by electronic methods. The Term Rate for such 2026 Bonds (other than the Term Rate in respect of the Initial Mode) shall be the minimum rate

for the new Interest Period selected by the Authority delivered in writing or by electronic methods to the Remarketing Agent on or before the Rate Determination Date which, in the judgment of the Remarketing Agent, with the consent of an Authorized Officer of the Authority by written or electronic methods, under then-existing market conditions, will result in a sale of such 2026 Bonds at a price equal to the principal amount thereof on the effective date of such rate. No Interest Period in the Term Rate Mode shall extend beyond the day before the Maturity Date.

- (6) The Authority may elect that the 2026 Bonds in the Term Rate Mode be remarketed to the Fixed Rate Mode pursuant to this subsection. The Remarketing Agent shall, with the consent of an Authorized Officer of the Authority by written or electronic methods, determine the Fixed Rate for such 2026 Bonds to be remarketed into a Fixed Rate Mode on the Rate Determination Date for such 2026 Bonds. The Fixed Rate shall be any interest rate which, in the judgment of the Remarketing Agent, with the consent of an Authorized Officer of the Authority by written or electronic methods, under then-existing market conditions, will result in a sale of such 2026 Bonds at a price, including a premium price above the par amount of such 2026 Bonds, which will generate proceeds sufficient to satisfy the mandatory purchase of the principal and interest amount thereof. The Remarketing Agent shall give written notice of the Fixed Rate promptly to the Trustee. The Remarketing Agent shall make the Fixed Rate available by telephone or electronic methods to any other Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Remarketing Agent shall give notice of such rate by electronic methods.
- (7) Additional provisions, including without limitation provisions determining interest rates in the event any Remarketing Agent fails or is unable to determine the interest rate or the Interest Period for any 2026 Bonds, not in conflict with those provided herein may be provided in the Sale Order for the 2026 Bonds.

(d) An Authorized Officer is authorized to determine if the Purchase Agreement shall provide for liquidated damages and if so, the amount thereof, and if the purchaser of any Series of the 2026 Bonds shall be required to provide a good faith check and if so, the amount thereof.

(e) 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 New Money Bonds as required by Section 33 of Act 94.

Section 16. 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 Series Ordinance.

(b) In addition to determinations authorized elsewhere in this 2026 Series Ordinance, an Authorized Officer shall determine the Bonds To Be Refunded and aggregate principal amount of 2026 Refunding Bonds to be issued, but not in excess of the aggregate principal amount authorized by this 2026 Series Ordinance. An Authorized Officer shall also determine and establish, in accordance with this 2026 Series Ordinance, the maturities of the 2026 Refunding Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities, and the redemption provisions for the 2026 Refunding Bonds.

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

- (1) Such determination shall also include the type or types of 2026 New Money Bonds to be issued, whether to issue the 2026 New Money Bonds as Senior Lien Bonds or Second Lien Bonds and if in one or more Series, and the redemption provisions for the 2026 New Money Bonds.
- (2) An Authorized Officer shall also determine and establish, in accordance with this 2026 Series Ordinance, the maturities of the 2026 New Money Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities.

(d) 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 his or her discretion under Act 34 for one or more orders of approval to issue all or a portion of the 2026 Bonds, and such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the 2026 Bonds as authorized herein, and as required by the Michigan Department of Treasury or Act 34.

(e) 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 Bonds as Additional Bonds have been satisfied.

(f) An Authorized Officer is hereby authorized and directed to do and perform any and all other acts and things with respect to the 2026 Bonds which are necessary or appropriate to carry into effect, consistent with the Ordinance and this 2026 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 17. Changes in Mode; Mandatory Purchase of Bonds; Remarketing of Bonds.

(a) Term Rate Bonds are subject to mandatory purchase with Eligible Moneys on the Mandatory Purchase Date at the Purchase Price as provided herein, except as may otherwise be determined in the Sale Order for the 2026 Bonds. Term Rate Bonds are also subject to mandatory purchase at the election of the Authority with Eligible Moneys on a date commencing with an optional redemption date and prior to a Mandatory Purchase Date. If Term Rate Bonds are redeemed or purchased prior to a Mandatory Purchase Date, such bonds shall not be subject to purchase on the Mandatory Purchase Date.

(b) 2026 Bonds purchased pursuant to this subsection shall be delivered by the Holders to the Trustee at or before 12:00 Noon Eastern Time on a Mandatory Purchase Date or earlier purchase date, as applicable, and payment of the Purchase Price shall be made by wire transfer of immediately available Eligible Moneys by the Trustee by 3:00 P.M. Eastern Time on such Mandatory Purchase Date or earlier purchase date, as applicable, provided the Trustee is in receipt of Eligible Moneys sufficient to pay the Purchase Price.

(c) The Trustee shall give notice of such mandatory purchase to the Holders of Term Rate Bonds subject to mandatory purchase under this Section 17 not less than twenty (20) days prior to the Mandatory Purchase Date; provided, however, that notice of mandatory purchase at the election of the Authority with Eligible Moneys on a date commencing with an optional redemption date and prior to a Mandatory Purchase Date shall be given to Holders consistent with the notice requirements for redemptions as provided in Section 303 of the Ordinance. The notice to the Holders shall state the date that the Term Rate Bonds are subject to mandatory purchase, the Purchase Price, and that interest on such Term Rate Bonds shall cease to accrue from and after such purchase date, provided Eligible Moneys for such purchase are on deposit with the Trustee on such date.

(d) In the event of a failed remarketing wherein the conditions described herein have not been satisfied by an applicable Mandatory Purchase Date, then the new Interest Period shall not take effect; the Authority shall have no obligation to purchase any such 2026 Bonds; the mandatory purchase will be deemed to have been rescinded for that date with respect to such 2026 Bonds; and such 2026 Bonds shall bear interest from such date at the Stepped Rate. While bearing interest at the Stepped Rate, such 2026 Bonds (i) will continue to be Outstanding, (ii) are able to be remarketed at a new Term Rate or a Fixed Rate, to be purchased at the Purchase Price upon the availability of Eligible Moneys on a date, as may be determined by an Authorized Officer of the Authority, and (iii) will be deemed to continue in a Term Rate Mode for all other purposes under the Series Ordinance, including terms relating to timing of interest payments, though bearing interest during such time at the Stepped Rate until remarketed into a new Interest Period for a Term Rate Mode or a Fixed Rate Mode or redeemed in accordance with the terms of the Ordinance. Notwithstanding anything to the contrary herein, on any day when 2026 Bonds are bearing interest at the Stepped Rate, the Authority may, at its sole discretion, redeem or purchase such 2026 Bonds with Eligible Moneys and with not less than one Business Day notice to Holders.

(e) *Rescission of Election.* Notwithstanding anything herein to the contrary, the Authority may rescind any election by it to adjust the Mode for the Bonds to, or in the case of a Term Rate Mode continue, a New Mode or the Fixed Rate Mode prior to the proposed Mandatory

Purchase Date by giving written notice thereof to the Notice Parties prior to such proposed Mandatory Purchase Date.

(f) *Failure to Transmit Notice.* The failure to transmit notice of a mandatory purchase to any Holder of 2026 Bonds as described in this Section shall not affect the validity of the mandatory purchase of any other 2026 Bond with respect to which notice was so provided or transmitted. Any notice provided or transmitted will be conclusively presumed to have been given, whether or not actually received by any Holder.

Section 18. *Ratification.* All determinations and decisions of an Authorized Officer heretofore taken with respect to the issuance and sale of the 2026 Bonds as permitted or required by the Ordinance or law are hereby ratified, confirmed and approved.

Section 19. *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, letters of representation, documents, instruments, agreements, opinions and other papers as may be deemed necessary or appropriate to complete the sale, execution and delivery of the 2026 Bonds and otherwise give effect to the transactions contemplated by this 2026 Series Ordinance, as determined by such officials executing and delivering the foregoing items.

Section 20. *2026 Series Ordinance a Contract.* The provisions of this 2026 Series Ordinance shall constitute a contract between the Authority and each registered owner of an outstanding 2026 Bond.

Section 21. *Professional Services.*

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

(b) PFM Financial Advisors LLC is hereby appointed as Financial Advisor for the 2026 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 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 Bonds or other available funds.

(d) An Authorized Officer is authorized to engage other consultants, including, without limitation, verification agents or other parties as she deems necessary or appropriate in connection with the sale, issuance and delivery of the 2026 Bonds and to pay the fees and expenses thereof from the proceeds of the 2026 Bonds or other available funds.

Section 22. *Severability; Headings; and Conflict.* If any section, paragraph, clause or provision of this 2026 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 Series

Ordinance. The section and paragraph headings in this 2026 Series Ordinance are furnished for convenience of reference only and shall not be considered to be part of this 2026 Series Ordinance.

Section 23. Publication and Recordation. This 2026 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 24. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2026 Series Ordinance are, to the extent of such conflict, repealed.

Section 25. Effective Date. This 2026 Series Ordinance shall be effective upon adoption.

[Remainder of page intentionally left blank]

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

GREAT LAKES WATER AUTHORITY

Signed _____
Chairperson

Signed _____
Secretary

Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds (2026)

4905-8710-0565 v8 [63818-74]

Great Lakes Water Authority

Resolution 2026-110

RE: Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds in a Principal Amount

not to Exceed \$295,000,000

Ordinance 2026-03

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 Issuance and Sale of Sewage Disposal System Revenue and Revenue Refunding Bonds in an Amount not to Exceed \$295,000,000” (the “2026 Sewer 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 (as amended, the “Master Sewer Bond Ordinance”).

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 Sewer Series Ordinance.

Now, Therefore Be It:

Resolved That the 2026 Sewer 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 Sewer 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



Overview of Structures Authorized by Series Ordinance

March 27, 2026

PFM Financial Advisors LLC

555 Briarwood Circle
Suite 333
Ann Arbor, MI 48108

734.994.9710
pfm.com



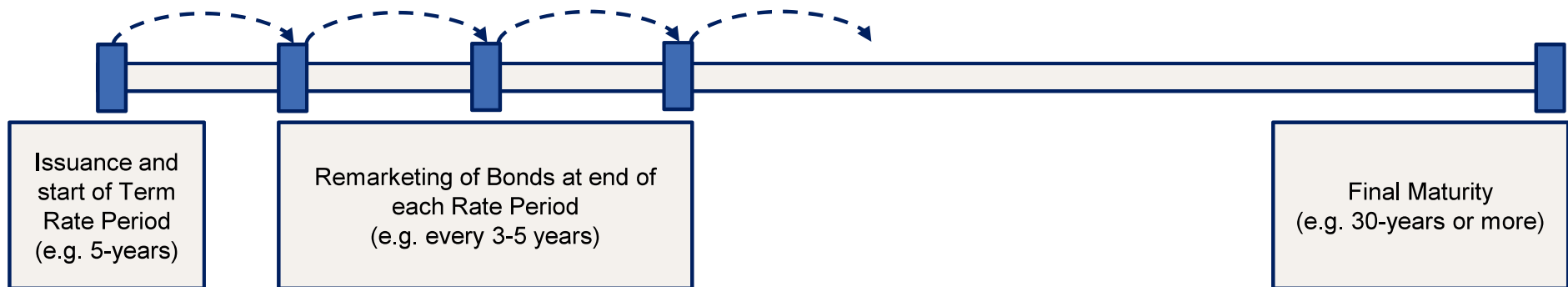
Comparison of Debt Structures Authorized by Series Ordinance

Product Overview	Term Rate	Fixed Rate
Interest Rate Reset Frequency	Up to 10 Years	Never
Remarketing Frequency	Up to 10 Years	Never
Source of Liquidity for Investors	None	Not required
Investor Tender Option	None	None
Mandatory Tender	Mandatory tender in 1-10 years; Hard put <u>or</u> soft put with amortization to term at a penalty rate	None
Failed Remarketing	If soft put, amortization to term at a "stepped rate" (e.g., 7 - 8%)	n/a
Maximum Rate	Lifetime cap on interest costs; Set at high level expected to accommodate any future rate environment (e.g., 9% and up)	n/a
Call Option	Typically, on each remarketing date or up to 6 months prior	Typically, callable after year 10
Issuer Risks		
Interest Rate Risk	At issuance and remarketing only	At issuance only
Remarketing Risk	At remarketing only	None
Issuer Credit Risk	At issuance and remarketing only	At issuance only
Bank Liquidity Risk	None	None
Investor Base	Broad	Broad



Overview of Term Rate Bonds

- ◆ Term Rate bonds offer an intermediate option between fixed rate debt and floating rate debt
- ◆ Key benefits are to take advantage of short end of the yield curve but gain budgetary certainty, limit impacts of short-term interest rate volatility, and eliminate exposure to bank counterparties
- ◆ Bonds bear interest at a fixed rate through the expiration of each Term Rate period of up to 10 years
 - Interest rate paid during the initial period and each subsequent Term Rate period is determined at initial pricing or remarketing date
 - At the end of each Term Rate period the bonds are remarketed into a subsequent Term Rate period or into another interest rate mode (could also be remarketed to Fixed Rate)
- ◆ If the bonds are not remarketed at the end of each Term Rate period, the bonds bear interest at a stepped rate (e.g. 7% - 8%) until they can be remarketed or until the maturity of the bonds
- ◆ **No investor demand option, acceleration of principal, or bank liquidity facility**





Term Rate Bonds Offer Variable Rate Benefits with Improved Risk Profile

Benefits

- **Lower Debt Service Costs**
 - Historically, short-term rates are lower than long-term rates
 - Issuer may realize lower interest costs than if fixed rate debt had been issued
- **Asset-Liability Management**
 - Interest rates are correlated with earnings on short-term investment portfolio
- **Diversified Investor Base**
 - Variable rate debt appeals to different market segments and investors
- **Budgetary Certainty**
 - Provides fixed debt service through initial period (1 to 7 years)
- **No Bank Liquidity Risks**
 - No bank liquidity facility eliminates risks related to termination, bank credit quality, and future replacement

Risks and Other Considerations

- **Interest Rate Risk:** Increased interest costs in the future if rates are higher at the remarketing date
 - Mitigant:** earnings on short-term investment portfolio serve as a hedge to increased bond interest rates
- **Issuer Credit Risk:** Increased interest costs in the future if issuer credit rating deteriorates between issuance date and remarketing date
 - Mitigant:** key credit factors are within control of management and Board
- **Remarketing Risk:** Failed remarketing is possible due to market disruption or issuer market access
 - Mitigant:** interest rate steps up to Penalty Rate but no acceleration of principal and failed remarketing is not an Event of Default



Variable Rate Debt Policy Considerations

- ◆ GLWA's Debt Management Policy provides guidance on the issuance of variable rate debt:
- ◆ *GLWA will consider issuance of Variable Rate Debt when it **improves matching of assets and liabilities, provides the potential for lower debt service costs over the term of the debt, adds flexibility to GLWA's capital structure, diversifies GLWA's investor base**, or in other circumstances where supported by an analysis and recommendation from GLWA's Registered Municipal Advisor that evaluates and quantifies the risks and opportunities*
 - *(1) Limitation on Net Variable Rate Debt Exposure. The percentage of Net Variable Rate Debt may not exceed 20% of GLWA's total outstanding debt. Net Variable Rate exposure is calculated by excluding Variable Rate Debt hedged by Interest Rate Swaps in a synthetic fixed rate structure or by GLWA short-term assets earning variable interest income*
 - *(2) Adequate Safeguards Against Risk. GLWA will ensure that financing structures and/or budgetary safeguards are in place to mitigate adverse impacts from interest rate shifts and liquidity risks; such structures could include, but are not limited to, interest rate caps, offsetting short-term cash investments held at GLWA, Letters or Lines of Credit or other Liquidity Facilities, soft puts, and conservative budgeting practices based on historical fluctuations in interest activity and current market assumptions*





Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Jacqueline Morgan, Finance Manager – State Revolving Fund (SRF) Program Team

Re: Resolution to Adopt the Great Lakes Water Authority Project Plans for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration

Background/Analysis: See attached draft Great Lakes Water Authority (“GLWA”) Board letter.

Proposed Action: The GLWA Audit Committee recommends that the Great Lakes Water Authority Board of Directors approves the attached Resolution to Adopt the GLWA project plans for the 1) Conner Creek Sanitary Pump Station Replacement, and 2) Rehabilitation of Ashland Relief, Linwood, 2nd Avenue, and Shiawassee Sewers for FY 2027 CWSRF funding consideration; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

DRAFT for Audit Committee Review Only

..Title

Resolution to Adopt the Great Lakes Water Authority Project Plans for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration

..Body

Agenda of: April 22, 2026

Item No.: 2026-111

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: April 22, 2026

RE: **Resolution to Adopt the Great Lakes Water Authority Project Plans for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration**

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer//Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves the attached Resolution to Adopt the GLWA 1) Conner Creek Sanitary Pump Station Replacement, and 2) Rehabilitation of Ashland Relief, Linwood, Second Avenue, and Shiawassee Sewers Project Plans for FY 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration;** and authorizes the CEO to take such action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Great Lakes Water Authority (GLWA) is seeking low interest funding through the Michigan Department of Environment, Great Lakes, and Energy (EGLE) FY 2027 Clean Water State Revolving Fund (CWSRF). To qualify, GLWA must complete project planning documents, hold a public hearing, and obtain Board approval of a formal resolution.

DRAFT for Audit Committee Review Only

GLWA has identified two projects in the FY 2026 – 30 Capital Improvement Plan for funding consideration:

Conner Creek Sanitary Pump Station Replacement (CIP #232002) – This project consists of the construction of a new sanitary pump station to improve the reliability and performance of the sewer system in the eastern Detroit area. The facility will include two wet wells, modern pumping equipment and flow control features to improve reliability and resiliency, enhance operational efficiency, and facilitate easier maintenance for operation and maintenance staff. The estimated cost of this project is \$190.0 million.

Rehabilitation of Ashland Relief, Linwood, Second Avenue, and Shiawassee Sewers (AL2S) (CIP #260210) – This project includes the rehabilitation of four large diameter combined sewers throughout the City of Detroit. These four sewers, collectively referred to as AL2S, comprise over 8 miles of linear assets that convey wastewater from member communities through the GLWA service area and ultimately toward the Water Resource Recovery Facility (WRRF). The estimated cost of this project is \$14.2 million.

A public hearing is scheduled April 22, 2026, at 2:00 p.m. to present a summary of each project plan. Following the hearing, the GLWA Board of Directors will vote on a resolution to adopt the final project plan at its regularly scheduled meeting also on April 22, 2026. The Public Hearing Notice and project plans will be posted on the [GLWA website](#).

Note: The estimated project cost in the Public Hearing Notice may differ from those in this Board letter. Cost estimates are subject to refinement based on final design and formal bidding outcomes.

JUSTIFICATION

EGLE requires a Board approved resolution to finalize the CWSRF application. This resolution authorizes the CEO to submit the final project plans and secure the CWSRF loans. The resolution must be signed and included with the final project planning documents by the May 1, 2026 deadline.

Pursuing CWSRF funding for the Conner Creek and AL2S projects allows GLWA to take advantage of low-interest loans, often below market municipal rates. Although the interest rate for FY 2027 may not be published until October 2026, current rates are 2.50% (20-year loan) and 2.75% (30-year loan), with possible reductions to 2.00% if GLWA qualifies as an "overburdened applicant." Compared to a market-based rate of 4.50%, the interest savings on these projects are substantial. By way of example, the combined potential

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interest savings for a 20-year loan is approximately \$64.2 million (see Attachment 1 for additional details).

Note: Financing terms will be matched to the useful life of the asset (e.g., a 25-year asset will utilize a 20-year loan).

Another advantage of CWSRF loans is that interest costs are only incurred on drawn funds as expenditures occur, rather than the total loan amount immediately.

BUDGET IMPACT

Debt service interest payments on these projects would begin in the fall of 2028 and will be included as part of the FY 2029 financial plan.

COMMITTEE REVIEW

This matter was presented to the GLWA Audit Committee at its meeting on March 27, 2026. The Audit Committee {insert action} that the Great Lakes Water Authority Board of Director **approve the attached Resolution to Adopt project plans for 1) Conner Creek Sanitary Pump Station Replacement and 2) Rehabilitation of Ashland Relief, Linwood, Second Avenue, and Shiawassee Sewers for FY 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration** at its regularly scheduled meeting on April 22, 2026 at 2:00 p.m.

Attachment 1

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

Estimated market-based rate of 4.5% versus CWSRF 2% Interest Rate (in millions)			Comparative Savings	
CIP Project #	Project	Estimated SRF Project Cost	20-Year Loan	30-Year Loan
232002	Conner Creek Sanitary Pump Station Replacement	\$ 190.0	\$ 59.7	\$ 95.4
260210	Rehabilitation of Ashland Relief, Linwood, 2nd Avenue, and Shiawassee Sewers (AL2S)	14.2	4.5	7.1
Combined Estimated Interest Savings			\$ 64.2	\$ 102.5

Great Lakes Water Authority
Resolution 2026-111

RE: Resolution to Adopt the Great Lakes Water Authority Project Plans for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration

By Board Member: _____

Whereas: Project Plans for the Conner Creek Sanitary Pump Station Replacement, and Rehabilitation of Ashland Relief, Linwood, Second Avenue, and Shiawassee Sewers projects have been prepared by GLWA for FY 2027 CWSRF funding consideration;

Whereas: The Conner Creek Sanitary Pump Station Replacement includes construction of a new sanitary pump station to improve the reliability and performance of the sewer system serving residential, commercial and industrial customers in eastern Detroit;

Whereas: The Rehabilitation of Ashland Relief, Linwood, Second Avenue, and Shiawassee Sewers consist of the rehabilitation of four large diameter combined sewers throughout the City of Detroit;

Whereas: The FY 2027 CWSRF Project Plans have been placed on public notice and a Public Hearing was held April 22, 2026, at 2:00 p.m. where comments on the recommended project were solicited;

Whereas: It is the desire of the GLWA Board of Directors to secure low interest loan assistance through the CWSRF program; and

Whereas: Formal action by the GLWA Board of Directors is needed to adopt the recommended FY 2027 CWSRF Project Plans for Conner Creek Sanitary Pump Station Replacement and Rehabilitation of Ashland Relief, Linwood, Second Avenue, and Shiawassee Sewers projects, as a requirement in the Michigan Department of Environment, Great Lakes and Energy CWSRF program;

Now Therefore Be It:

Resolved That this Board hereby accepts the FY 2027 the Conner Creek Sanitary Pump Station Replacement and Rehabilitation of Ashland Relief, Linwood, Second Avenue, and Shiawassee Sewers project plans dated April 22, 2026, and as directs staff members of the GLWA to address all public comments, prepares the responsiveness summary, and publish the final Project Plans; and Be It Further

Resolved That the Chief Executive Officer (CEO) is authorized to transmit the final FY 2027 CWSRF Project Plans for Conner Creek Sanitary Pump Station Replacement and Rehabilitation of Ashland Relief, Linwood, Second Avenue, and Shiawassee Sewers to EGLE on behalf of the GLWA Board of Directors and take all appropriate steps to secure approval of a low interest loan in accordance with CWSRF procedures so that the projects can proceed expeditiously to construction.

Adopted by the Great Lakes Water Authority Board on:



CONNER CREEK SANITARY PUMP STATION REPLACEMENT

ITA: 1020-0449

**2027 CLEAN WATER STATE REVOLVING FUND
PROJECT PLAN SUMMARY**

MARCH 2026



Proposed Improvements

The project replaces the Conner Creek Sanitary Pump Station with a fully modernized facility designed to correct long-standing hydraulic and operational limitations, improve maintainability, and provide reliable conveyance under both dry-weather and multi-day post-storm conditions. The new station is built within a deep circular shaft and incorporates modern intake hydraulics, N+2 pumping redundancy, maintenance friendly considerations, simplified influent/discharge connections, and updated electrical and site-wide systems to ensure long-term resilience while

minimizing construction impacts along East Jefferson Avenue. Some key design elements:

- New sanitary pump station on GLWA-owned parcels east of the existing site, replacing deficient hydraulic geometry that impacts pump operation and reliability.
- 114-ft diameter, ~75-ft deep circular shaft housing dual wet wells, pump galleries, and equipment access spaces.
- Dual isolatable trench-style self-cleaning wet wells (ANSI/HI 9.8) for stable approach flow, reduced turbulence/air entrainment, solids control, and safe

wet-well isolation. Programmed wet well cleaning cycles remove debris, reduce maintenance costs, enhance pump efficiency, and extend equipment life.

- Six horizontal dry-pit submersible non-clog pumps (4 duty + 2 standby, N+2) providing ~160 MGD firm and 240 MGD total installed capacity for reliable operation.
- Single 8-ft diameter influent tunnel connection from the existing Intake Well, avoiding deep (~60-ft) open-cut 14-ft diameter sewer installation in the heavily traveled East Jefferson Avenue.
- Single discharge connection to the 9-ft diameter Detroit River Interceptor (DRI) to reduce tie-in complexity and risk.
- Electrical integration with the adjacent Storm Pump Station's 480-V primary switchgear, standby power via the existing generator system, and a portable-generator quick-connect for extended outages.
- Sitewide improvements: new access drive, yard piping, stormwater conveyance, lighting upgrades, fencing, and landscape enhancements.
- Green infrastructure: ~1.31 acres of impervious area removal, ~1,500 ft² of pervious pavers, bioswales at grading low points, and additional street/perimeter trees to improve infiltration, water quality, and site aesthetics.

Summary of Project Needs

The existing Conner Creek Sanitary Pump Station, constructed in 1956, has reached the end of its

useful life and exhibits multiple deficiencies that constrain operational reliability. The wet-well geometry generates excessive turbulence, air entrainment, and unstable pump suction conditions, resulting in vibration, cavitation risk, reduced pump efficiency, and short equipment life. Limited isolation capability prevents staff from performing safe wet-well or suction-side inspections, making routine maintenance difficult.

Systemwide sanitary flow conditions including dry-weather, multi-day post-storm dewatering, and storage-release operations, were evaluated and determined a firm pumping capacity of approximately 148 MGD is required. The existing station cannot meet this requirement, increasing the risk of upstream surcharging, wet-weather backups, and potential unpermitted discharges to receiving waters. Replacement is required to restore reliability and ensure long-term compliance with Clean Water Act objectives.

Potential Alternatives

The following alternatives were evaluated in accordance with EGLE SRF planning requirements.

- No Action – Does not address poor pump suction intake conditions caused by turbulence and significant air entrainment, severe wet-well hydraulic instability, maintenance limitations, or the required ~148 MGD firm capacity. This option carries high risk of upstream surcharging and regulatory non-compliance; eliminated.

- Optimize Existing System – Operational or control-based changes cannot resolve fundamental

design issues such as wet-well geometry, turbulence-induced air entrainment, or inadequate pump isolation. Does not address structural and end-of-life asset needs; eliminated.

- Alternative 1 – Construct a new sanitary pump station parallel to the existing facility while keeping the existing station active. Although this provides additional capacity, it retains aging assets, duplicates long-term O&M requirements, and does not fully resolve hydraulic or maintainability constraints.
- Alternative 2 – Full replacement of the Conner Creek Sanitary Pump Station with new deep interconnections between the East and West relief sewers beneath East Jefferson Avenue. This option is technically feasible but requires deep (~60-ft) large-diameter open-cut construction in a major arterial roadway, resulting in substantial traffic disruption, elevated construction risk, and extensive permitting and utility coordination.
- Alternative 3 – Construct a single combined storm-and-sanitary pumping facility consolidating both functions into one new station. This concept requires expansive wet-well structures, major new junction chambers in East Jefferson Avenue, deep connections to the 14-ft diameter relief sewers, and multiple DRI tie-ins. While operationally viable, it presents the highest construction complexity, greatest traffic impact, and significant cost escalation compared to other build alternatives.

Environmental Evaluation

Construction-phase impacts include noise from equipment, dust generation from excavation, truck traffic, and temporary localized congestion. These impacts will be mitigated using best management practices (BMPs), including temporary erosion and sedimentation control (TERS), dust suppression and street sweeping, equipment idling limits, construction fencing, proper dewatering discharge management, and a comprehensive traffic maintenance plan coordinated with the City of Detroit.

The project footprint is entirely on GLWA-owned parcels and does not encroach on wetlands, floodplains, or critical habitats. Long-term environmental benefits include reduced surcharging, minimized risk of sanitary discharges, safer operation during multi-day dewatering cycles, improved water quality protection, and reduced CSO/SSO potential.

Green infrastructure elements including bioswales, pervious pavement, tree plantings, and reduced impervious area improve infiltration capacity, slow runoff, reduce heat-island effects, and provide first-flush treatment for pollutant removal. These features align with EGLE's sustainability objectives and support regional watershed health.

Estimated Project Cost

Conner Creek Sanitary Pump Station Replacement Project Summary	
Item	Estimated Cost
Final Design/Bid & Negotiation	\$4,263,400
Construction Administration & RPR Services	\$7,200,000
Construction	\$178,536,600
TOTAL	\$190,000,000

Estimated User Cost Impact

Assuming a funding term of 20 years and a loan interest rate of 2.50 percent, the total project cost has an equivalent annual cost of \$12,187,954. According to the 2020 GLWA Wastewater Master Plan, there are approximately 2.8 million residents in the GLWA regional service area. The number of persons per household in Michigan was estimated by the U.S. Census Bureau as 2.42 between 2020 - 2024. The estimated number of households that will be impacted by this project is estimated to be 1.16 million. The per household user cost is \$10.53 per year.

Proposed Implementation Schedule

Conner Creek Sanitary Pump Station Replacement Project Schedule	
Item	Date
Notice to Proceed	October 2023
60% Design	September 2024
90% Design (Issued for Permit – EGLE Part 41)	February 2025
100% Design	March 2026
Bid Opening	October 2026
Construction Notice to Proceed	April 2027
Construction Substantial	January 2031
Construction Final Completion	April 2031



Arcadis of Michigan, LLC
607 Shelby Street, Suite 400
Detroit
Michigan 48226
Phone: 313 694 8436
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PROJECT PLAN SUMMARY

Rehabilitation of the Ashland, Linwood,
Second Avenue, and Shiawassee Sewers



Detroit, Michigan

March 6, 2026





1.0 Introduction

The purpose of this Project Plan Summary is to provide an overview of the Great Lakes Water Authority (GLWA) Rehabilitation of the Ashland, Linwood, Second Avenue, and Shiawassee Sewers Project. The following sections provide a project summary, project needs and proposed improvements, environmental evaluations, estimated user cost impact, and proposed project schedule. The formal Project Plan document is in process and will be presented under separate cover.

2.0 Project Summary

The Great Lakes Water Authority (GLWA) wastewater conveyance system consists of over 180 miles of large diameter collector and interceptor sewers which convey wastewater flows from member communities outside of Detroit to the Water Resource Recovery Facility (WRRF) located in southwest Detroit.

As part of the Rehabilitation of the Ashland, Linwood, Second Avenue, and Shiawassee Sewers project, GLWA is planning the rehabilitation of several large diameter combined sewers located throughout the City of Detroit plan. These four sewers, collectively referred to as AL2S, comprise over 8 miles of linear assets.

The AL2S assets to be rehabilitated convey wastewater from member communities through the GLWA service area and ultimately toward the Water Resource Recovery Facility (WRRF). The Ashland Relief Sewer and Shiawassee Sewer convey flow to the Freud Pump Station and Puritan Fenkell CSO Retention Treatment Basin, respectively, while the Linwood and Second

Avenue Sewers convey flow to larger collector sewers.

3.0 Project Needs

The current condition of portions of the AL2S Sewers is poor to fair, with potential operational risk. Maintaining and repairing the sewers is necessary in continuing to allow the sewers to convey flow to the GLWA WRRF and provide relief to other components of the regional conveyance system.

Structural rehabilitation of the sewers will extend their service lives by an additional 25 to 30 years and allow them to continue to provide service in the regional wastewater conveyance system.

4.0 Proposed Improvements

This sewer rehabilitation project consists of repairing four separate combined sewers located throughout the City of Detroit. Sewer repairs are proposed to consist of the following:

- Debris/sludge removal.
- Manhole frame, cover, and step replacement.
- Installation of three new manholes along the Linwood Sewer to improve access and maintenance capabilities
- Spot repairs consisting of deep concrete repair, open joint repair, epoxy crack repair, tuckpointing, deteriorated brick repair, chemical grouting of leaks, removal of mineral deposits, and rough tap repairs.

As previously mentioned, rehabilitation of the AL2S Sewers will extend the service lives of the sewers and allow them to



continue to provide relief to other components of the regional conveyance system during wet weather events. Multiple structural repair alternatives were considered during the study phase of this project. The repair options were evaluated to minimize construction costs and minimize disruptions to the ground surface, traffic, adjacent utilities, and the environment.

5.0 Environmental Evaluation

The engineering team has evaluated environmental impacts that could occur from the operation of this project. The review included cultural and historical resources in the project area and the natural environment which includes air quality, wetlands, sensitive floodplains and high-risk erosion areas, rivers and surface waters, recreational facilities, agricultural resources, and the presence of rare and endangered species of plants and animals. It has been determined that any negative environmental impacts are short-term and will be limited to the anticipated 2-year construction phase of the project.

The majority of the construction work will be below ground, although some work at the ground surface is planned, such as manhole frame and cover replacements and manhole installation that will take place at the ground surface. Excavation methods for manhole frame and cover replacements and manhole installation will be developed to minimize any disturbances to the area. Short-term environmental impacts such as increased noise or dust and potential traffic disruption will be minimized by limiting the

contractor working hours and the implementing soil erosion and sedimentation control plans and traffic control plans as necessary.

The location of the project extends primarily through commercial areas. The project site does not extend through wetlands or endangered species areas. Several manholes are located within the Rouge River floodplain, but work is primarily expected to be completed within existing structures, with minimal at-grade disturbance. It is not expected that large amounts of environmental disturbance will be caused during construction. No long-term negative impacts are expected to occur from this project.

6.0 Estimated User Cost Impact

This proposed project is anticipated to directly or indirectly impact approximately 300,000 wastewater customers in the GLWA service area. The estimated total project cost of \$14,200,000 will be incorporated into the regional system revenue requirement and allocated to all member partners through the Sewer charges methodology process. GLWA services approximately 2.9 million residents in approximately 1.18 million households. The estimated cost per household has been determined to be less than \$1.00 per year.

7.0 Proposed Implementation Schedule

Proposed Project Schedule	
Design Notice to Proceed	February 2023
30% Design	February 2024
60% Design	May 2024
90% Design	July 2024
Bid Due	October 2026
Construction Notice to Proceed	March 2027
Construction Final Completion	May 2029



Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Jacqueline Morgan, CTP, State Revolving Fund Program Finance Manager

Re: Resolution to Adopt the Detroit Water and Sewerage Department (DWSD) Sewer Rehabilitation Project Plan for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration

Background & Analysis: The following documents are included with this memo that provide detailed context for this agenda item:

1. Draft Great Lakes Water Authority (GLWA) Board Letter
2. GLWA - Resolution to Adopt the FY 2027 CWSRF Project Plan
3. DWSD – FY 2027 CWSRF Project Plan Summary
4. DWSD – Board Certification and Resolution to Adopt the FY 2027 CWSRF Project Plan

Proposed Action: The GLWA Audit Committee recommends that the Great Lakes Water Authority Board of Directors approve the attached resolution to adopt the Detroit Water and Sewerage Department (DWSD) Sewer Rehabilitation Project Plan for FY 2027 Clean Water State Revolving Fund (CWSRF) funding consideration; and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

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..Title

Resolution to Adopt the Detroit Water and Sewerage Department (DWSD) Sewer Rehabilitation Project Plan for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration

..Body

Agenda of: April 22, 2026

Item No.: 2026-112

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: April 22, 2026

RE: Resolution to Adopt the Detroit Water and Sewerage Department (DWSD) Sewer Rehabilitation Project Plan for Fiscal Year (FY) 2027 Clean Water Revolving Fund (CWSRF) Funding Consideration

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA) **approve the attached resolution to adopt the Detroit Water and Sewerage Department (DWSD) Sewer Rehabilitation Project Plan for FY 2027 Clean Water State Revolving Fund (CWSRF) funding consideration;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Great Lakes Water Authority (GLWA) secures capital improvement financing for Detroit Water and Sewerage Department (DWSD) in accordance with foundational documents related to the establishment of GLWA. Pursuant to Section 7.2(b) of the

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Regional Sewage Disposal System Lease between the City of Detroit and GLWA, “The Authority shall cooperate fully with the City in the implementation of Detroit Capital Improvement Program, including financing through the Authority....”

DWSD has identified a Sewer Rehabilitation Project for submittal to the Michigan Department of Environment, Great Lakes, and Energy (EGLE) for FY 2027 CWSRF funding consideration. This project consists of rehabilitating aging and/or compromised sewer mains in select neighborhoods throughout the city of Detroit located in all Council Districts. This includes cured-in-place pipe (CIPP) rehabilitation, spot repairs, and manhole replacements. These improvements will reduce the frequency of basement backups and cave-ins caused by sewer mains. The impact of the project will be improved customer satisfaction and safe, reliable collection of wastewater. The estimated cost of this project is \$39 million.

The deadline to submit all CWSRF project planning documents to EGLE is May 1, 2026. A public hearing must be held for the impacted area of the project prior to submission. The Sewer Rehabilitation Project Plan was presented at a DWSD Public Hearing on February 18, 2026, and adopted by the DWSD Board of Water Commissioners on the same date. Per notification from EGLE, GLWA is not required to hold a separate public hearing for the local project. The project plan and Public Hearing Notice can be viewed on DWSD’s website at: www.detroitmi.gov/dwsd.

JUSTIFICATION

The Michigan Department of Environment, Great Lakes, and Energy requires the GLWA Board of Directors approve a resolution adopting the DWSD project plan. The resolution must be signed and included with the final project planning documents by the May 1, 2026 deadline. DWSD shall submit the project plan to EGLE with GLWA as the loan applicant if approved for funding.

GLWA concurs with the DWSD Sewer Rehabilitation Project Plan adoption and will pursue low interest funding through the CWSRF program. Historically, DWSD has qualified as a significantly overburdened community, allowing it to secure additional priority points, which improves the chance of funding, and to attain the lowest CWSRF interest rate. While FY 2027 CWSRF interest rates may not be published until October 2026, significantly overburdened applicants currently qualify for 1.00 percent financing on 20-year and 30-year loans. These loans typically offer substantial interest savings compared to similar open-market revenue bonds. By way of example, a \$39 million

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CWSRF loan provides approximately \$26.5 million in potential interest savings over a 30-year term compared to a 4.5% market-based alternative.

Another advantage to the SRF program is interest costs are only incurred on amounts drawn from the loan instead of the entire loan amount. This results in additional debt service savings early in the term of the loan compared to market-based transactions.

BUDGET IMPACT

GLWA will be the loan applicant on CWSRF loans issued on behalf of DWSD, and DWSD will be the CWSRF loan recipient as determined by EGLE. All project costs financed by GLWA, on behalf of DWSD, through the CWSRF program bonds and resulting principal and interest payments on the bonds will be directly allocable to the DWSD local system. Debt service is anticipated to begin on October 1, 2027 for this project and will be included as part of the FY 2028 – FY 2029 biennial budget.

COMMITTEE REVIEW

This matter was presented to the GLWA Audit Committee at its March 27, 2026 meeting. The Audit Committee [insert action] that the Great Lakes Water Authority Board of Directors approve the attached resolution to adopt the Detroit Water and Sewerage Department (DWSD) Sewer Rehabilitation Project Plan for FY 2027 Clean Water State Revolving Fund (CWSRF) funding consideration as presented.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.

Great Lakes Water Authority
Resolution 2026-112

RE: Resolution to Adopt the Detroit Water and Sewerage Department (DWSD) Sewer Rehabilitation Project Plan for Fiscal Year (FY) 2027 Clean Water State Revolving Fund (CWSRF) Funding Consideration

By Board Member: _____

Whereas: The City of Detroit through its Detroit Water and Sewerage Department (DWSD), and the Great Lakes Water Authority (GLWA), both jointly recognize the need to make improvements to its existing water supply system that are owned and operated by the City of Detroit and that are physically located within the city limits; and

Whereas: Pursuant to Section 7.2(b) of the Regional Sewage Disposal System Lease between the City of Detroit and GLWA, the Authority shall cooperate fully with the City in the implementation of Detroit Capital Improvement Program, including financing through the Authority; and

Whereas: The Sewer Rehabilitation Project Plan for fiscal year (FY) 2027 Clean Water State Revolving Fund (CWSRF) funding consideration has been prepared by DWSD; and

Whereas: The Sewer Rehabilitation project consists of rehabilitating aging and/or compromised sewer mains in select neighborhoods throughout the city of Detroit; and

Whereas: The Project Plan was presented by DWSD at a public hearing held on February 18, 2026 at 2:00 p.m. in the DWSD Board of Water Commissioners (BOWC) hearing room, and all public comments were considered and addressed; and

Whereas: The DWSD formally adopted said Project Plan and agreed to implement the identified Sewer Rehabilitation project, as described in said document, as evidenced by the DWSD resolution; and

Whereas: It is the desire of the GLWA Board of Directors to secure low interest loan assistance through the DWSRF program.

Now Therefore Be It:

Resolved The GLWA Board hereby accepts and approves the FY 2027 CWSRF Project Plan for the DWSD Sewer Rehabilitation project as approved by the DWSD BOWC at its February 18, 2026, meeting; and Be It Further

Resolved The GLWA concurs with the CWSRF Project Plan adoption and agrees to serve as the CWSRF loan applicant on behalf of the City of Detroit, the loan recipient, for

all activities required by CWSRF financing, and in accordance with local and state intergovernmental agreement; and Be It Further

Resolved The GLWA Resolution identifying Designated Representatives adopted on October 23, 2024, established the GLWA authorized representatives for all CWSRF program activities, and no updates to these designations are necessary at this time; and Be It Further

Resolved That the Chief Executive Officer (CEO) is authorized to transmit the final FY 2027 CWSRF Sewer Rehabilitation Project Plan to the Michigan Department of Environment, Great Lakes, and Energy on behalf of the GLWA Board of Directors and take all appropriate steps to secure approval of a low interest loan in accordance with EGLE's procedures so that the project can proceed expeditiously to construction.

Adopted by the Great Lakes Water Authority Board on:

February 2026

FY2027 CWSRF Project

*Samuel A. Smalley, P.E., S-1, F-1,
Deputy Director*



Water & Sewerage
Department



CWSRF Program Overview

Clean Water State Revolving Fund (CWSRF)

- DWSD will be seeking low-interest CWSRF loan assistance for FY2027.

City of Detroit is well positioned to receive funding based on need.

- Disadvantaged community determination based on debt service on the upcoming loan will be charged to customers over time and built into the capital portion of the rate structure.
- DWSD's disadvantaged status allows for a 30-year or 40-year term option instead of 20-year.
- Principal forgiveness subsidy may be available.

CWSRF FY 2027 Sewer Rehabilitation

- The project plan includes **sewer rehabilitation** throughout the city of Detroit for a total of **\$39M**
- Construction will include:
 - Replacement of sewer mains;
 - Cured-in-place pipe (CIPP) rehabilitation;
 - Spot repairs;
 - Manhole rehabilitation;
 - Restoration of each work site.
- All work to be performed within the existing road right-of-way and easements.

The impact of the project will be improved customer satisfaction and safe, reliable collection of wastewater from homes and businesses resulting in **reduced basement backups and cave-ins.**

DWSRF FY 2027 Sewer Rehabilitation

- The temporary impact of construction activities will be minimized through mitigation measures specified in the contract documents.
- Adverse impacts on historical, archaeological, geographic, or cultural areas are not expected.
- This project is necessary to ensure that DWSD maintain the condition of its local combined sewer system.
- **The Project Plan describes** sewer mains in critical need of replacement or rehabilitation.
- The total project cost of this project is currently estimated at \$39M of which 100% is being requested through the CWSRF.



Project Locations and Scope of Work

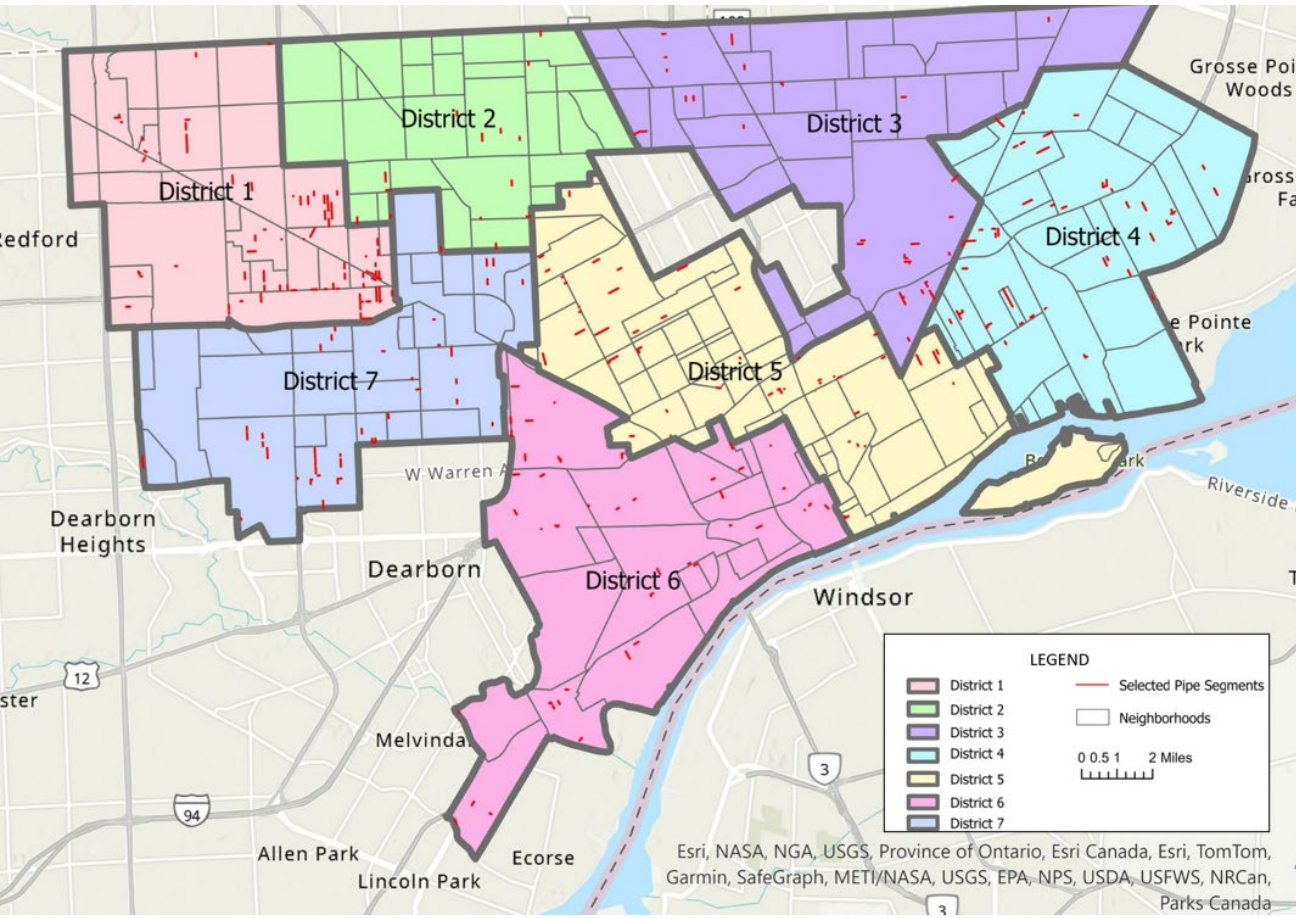
Selected Assets Throughout the City of Detroit



Project Highlights

- **Assets were selected based on DWSD Risk Assessment modeling techniques, customer complaints, future development, cave-ins, and sinkholes.**
- Condition assessment data was used to plan and guide rehabilitation strategies.
- In the event that 100% grant funding is not secured, DWSD is under no obligation to move forward with design and construction.

Project Areas



Proposed sewer replacement and rehabilitation in all 7 Council Districts.

FY2027 CWSRF Project Area – Rehabilitation of Selected High-Priority Assets



Sewer Rehabilitation - Up to \$39M investment in Rehabilitation of Existing DWSD Combined Sewer Assets in the Neighborhoods of:

Airport Sub	Eastern Market	Jamison	Pilgrim Village
Bagley	Eden Gardens	Joy-Schaefer	Pingree Park
Barton-McFarland	Eliza Howell	Krainz Woods	Plymouth-Hubbell
Belmont	Evergreen Lahser 7/8	Mapleridge	Plymouth-I96
Bentler-Pickford	Far West Detroit	McDougall	Poletown East
Boston Edison	Fiskhorn	Melvorn Hill	Pride Area Community
Boynton	Fitzgerald	Midtown	Ravendale
Brightmoor	Fox Creek	Midwest	Rosedale Park
Butler	Gateway Community	Mohican Regent	Russell Woods
Cadillac Community	Grand River-St Marys	Morningside	Schoolcraft-I96
Carbon Works	Grandmont	Mount Olivet	Schulze
Castle Rouge	Grandmont #1	Nardin Park	Seven Mile-Rouge
Chadsey Condon	Gratiot Town/Kettering	New Center	Sherwood Forest
Claytown	Gratiot Woods	Nolan	Southwest Detroit
Conner Creek Industrial	Gratiot-Findlay	North Corktown	Wade
Core City	Gratiot-Grand	North End	Warren Ave Community
Corktown	Green Acres	North Rosedale Park	Warrendale
Cornerstone Village	Greenfield-Grand River	NW Goldberg	We Care Community
Crary/St Marys	Grixdale Farms	Oak Grove	Westwood Park
Cultural Center	Harmony Village	Oakman Blvd Community	Woodbridge
Davison-Schoolcraft	Hawthorne Park	Oakwood Heights	
Delray	Herman Kiefer	O'Hair Park	
Dexter-Linwood	Hubbell-Lyndon	Old Redford	
Downtown	Hubbell-Puritan	Outer Drive-Hayes	
East Village	Islandview	Pershing	

Schedule

Project Plan, Design and Construction

CWSRF Project Plan Schedule



Draft Project Plan Public Meeting and Board Resolution

• February 18, 2026

GLWA Board Meeting and Board Resolution

• April 2026

Final Project Plan Submitted to EGLE

• May 2026

EGLE SRF Award Intent Announcements

• September or October 2026

**RFB Published in February 2027 and
Construction Begins April 2027**

BOWC Approval Request

Resolution Approving the Project Planning Document

- DWSD requests the BOWC approve the project planning document by adopting the resolution.

Thank You



313-267-8000



dwsd-publicaffairs@detroitmi.gov



www.detroitmi.gov/dwsd



Water & Sewerage
Department



A RESOLUTION ADOPTING A FINAL PROJECT PLAN FOR THE

DETROIT WATER AND SEWERAGE DEPARTMENT FOR SEWER REHABILITATION FY27

CLEAN WATER STATE REVOLVING FUND (CWSRF) PROJECT

WHEREAS, Detroit Water and Sewerage Department (DWSD) and the Great Lakes Water Authority (GLWA) recognize the need to make improvements to its existing sewer system that are owned and operated by the City of Detroit and that are physically located within the city limits; and

WHEREAS, DWSD has prepared a Clean Water State Revolving Fund (CWSRF) Project Plan, which recommends sewer replacement and rehabilitation throughout the city of Detroit; and

WHEREAS, said Project Plan was presented at the public meeting held on Wednesday, February 18, 2026 and all public comments have been considered and addressed; and

WHEREAS, DWSD formally adopted said Project Plan and agreed to implement the identified selected alternative of sewer system rehabilitation as described in said document, as evidenced by the DWSD resolution;

NOW THEREFORE BE IT RESOLVED, that Detroit Water and Sewerage Department formally adopts said Project Plan document and agrees to implement the selected project design.

BE IT FURTHER RESOLVED, that the Detroit, Water and Sewerage Department Director, a position currently held by Gary Brown, is designated as the authorized representative for all activities associated with the project referenced above, including the submittal of said Project Plan document as the first step in applying to the State of Michigan for a Clean Water State Revolving Fund Loan to assist in the implementation of the selected alternative.

Yeas (names of Members voting Yes): Chairperson Michael Einheuser, Vice Chairperson Mary E. Blackmon, Commissioner Ademola W. Fagade, Commissioner Linda D. Forte, Commissioner Jane C. Garcia, and Commissioner Jonathan C. Kinloch

Nays (names of voting No):

I certify that the above resolution was adopted by Great Lakes Water Authority and Detroit Water and Sewerage Department on February 18, 2026.

BY: Marian King-Bell
Name (please print or type)
Marian King-Bell
Signature

Board Secretary
Title
2/20/2026
Date



Detroit Water and Sewerage Department Certified Copy

735 Randolph Street
Detroit, Michigan 48226
(313) 224-4704 Office
dwsd.legistar.com

Resolution, BOWC: 2026-43

File Number: 2026-43

Upon recommendation of Samuel A. Smalley, P.E., Deputy Director, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department **recommends adoption of the “A final project plan for the Detroit Water and Sewerage Department Sewer Rehabilitation and Designating an Authorized Project Representative FY 2027 Clean Water State Revolving Fund (CWSRF)”** and also authorizes the Chief Financial Officer and the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of February 18, 2026

Item No. 2026-43

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Gary Brown, Director
Water and Sewerage Department

RE: **A final project plan for the Detroit Water and Sewerage Department Sewer Rehabilitation and Designating an Authorized Project Representative FY 2027 Clean Water State Revolving Fund (CWSRF)**

MOTION:

Upon recommendation of Samuel A. Smalley, P.E., Deputy Director, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department **recommends adoption of the ““A final project plan for the Detroit Water and Sewerage Department Sewer Rehabilitation and Designating an Authorized Project Representative FY 2027 Clean Water State Revolving Fund (CWSRF)”** and also authorizes the Chief Financial Officer and the Director to take such other action as may be necessary to accomplish the intent of this vote.

I, Marian King-Bell, certify that this is a true copy of Resolution, BOWC No. 2026-43, passed by the Board of Water Commissioners on 2/18/2026.

Attest: Marian King-Bell

2/20/2026
Date Certified



DETROIT WATER AND SEWERAGE DEPARTMENT NOTICE

PUBLIC MEETING FOR SEWER REHABILITATION

FY27 CLEAN WATER STATE REVOLVING FUND (CWSRF) PROJECT

The Detroit Water and Sewerage Department (DWSD) announces a Public Meeting regarding its Project Planning Document for proposed Sewer Main Rehabilitation in neighborhoods throughout the city of Detroit. DWSD seeks low-interest Clean Water State Revolving Fund (CWSRF) loan assistance for FY2027. This project is comprised of rehabilitating aging and/or compromised selected sewer mains in the neighborhoods throughout the city of Detroit located in all Council Districts. Construction will include the replacement of sewer mains, cured-in-place pipe (CIPP) rehabilitation, spot repairs, and manhole rehabilitation. All work is to be performed within the existing road right-of-way and easements. The impact of the project will be improved customer satisfaction and safe, reliable collection of wastewater from customers. This project will reduce the frequency of basement backups and cave-ins caused by sewer mains. The temporary impact of construction activities will be minimized through mitigation measures specified in the contract documents. Adverse impacts on historical, archaeological, geographic, or cultural areas are not expected. This project is necessary to ensure that DWSD can maintain the condition of its local combined sewer system. The Project Planning Document describes sewer mains in critical need of replacement or rehabilitation. The total cost of this work is about \$39,000,000, which is being sought through the CWSRF program.

The Public Meeting will present a description of the recommended projects and estimated costs. The purpose of the meeting is not only to inform, but to seek and gather input from people who will be affected. Comments and viewpoints from the public are encouraged.

THE PROJECT PRESENTATION AND PUBLIC COMMENT WILL BE DURING THE DETROIT BOARD OF WATER COMMISSIONERS MEETING ON:

DATE: Wednesday, February 18, 2026 at 2:00 p.m.

PLACE: Detroit Water and Sewerage Department
735 Randolph, 5th Floor, Board Room
Detroit, Michigan 48226

Call in using your phone: 301-715-8592
Zoom Meeting ID: 815 7263 5118
Zoom Passcode: 482262021

To attend online via Zoom: <https://cityofdetroit.zoom.us/j/81572635118>
Use Passcode: 482262021

Information on the Project Plan will be available for review after February 1, 2026 at the following locations:

1. City Website: detroitmi.gov/dwsd
2. By email request to Sonali Patel: sonali.patel@detroitmi.gov
3. In person at the Water Board Building

If you have questions or want to submit written statements for the Public Meeting, call or write:

Call: Sonali Patel at 313-782-2477
Email: Sonali Patel at sonali.patel@detroitmi.gov
Mail: Sonali Patel
Detroit Water and Sewerage Department
735 Randolph, Suite 901
Detroit, MI 48226

Written comments will be accepted at the above address if received prior to 2:00 p.m. EST, Wednesday, February 18, 2026.

Participating in Public Comment During the Public Hearing

You may provide your public comment in-person or via Zoom (see below).

In-person attendees

• If you want to make public comment, complete the form available in the Board Room and it will be provided to the Chair. The Chair will call on you during the appropriate time. We respectfully request that you maximize your three minutes by sharing all your comments/questions at one time.

Attending via Zoom

• During the public comment section, raise your hand using the Zoom hand icon on your desktop or mobile device, or if calling into the meeting by phone, press *9 to raise your hand (press *6 to unmute when called upon). We respectfully request that you maximize your three minutes by sharing all your comments/questions at one time.

City of Detroit Water and Sewerage Department
Gary Brown, Director



Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Jacqueline Morgan, CTP, State Revolving Fund Program Finance Manager

Re: Resolution to Adopt the Detroit Water and Sewerage Department (DWSD) Water System Improvements Project Plan for Fiscal Year (FY) 2027 Drinking Water State Revolving Fund (DWSRF) Funding Consideration.

Background & Analysis: Included with this memo are the following documents that provide detailed context for this agenda item.

1. Draft Great Lakes Water Authority (GLWA) Board Letter
2. GLWA - Resolution to Adopt the FY 2027 DWSRF Project Plan
3. DWSD – FY 2027 DWSRF Project Plan Summary
4. DWSD - Board Certification and Resolution to Adopt the FY 2027 DWSRF Project Plan

Proposed Action: The GLWA Audit Committee recommends that the Great Lakes Water Authority Board of Directors approve the attached resolution to adopt the Detroit Water and Sewerage Department (DWSD) Water System Improvements Project Plan for FY 2027 Drinking Water State Revolving Fund (DWSRF) funding consideration; and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

DRAFT for Audit Committee Review Only

..Title

Resolution to Adopt the Detroit Water and Sewerage Department (DWSD) Water System Improvements Project Plan for Fiscal Year (FY) 2027 Drinking Water State Revolving Fund (DWSRF) Funding Consideration

..Body

Agenda of: April 22, 2026

Item No.: 2026-113

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: April 22, 2026

RE: Resolution to Adopt the Detroit Water and Sewerage Department (DWSD) Water System Improvements Project Plan for Fiscal Year (FY) 2027 Drinking Water State Revolving Fund (DWSRF) Funding Consideration

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA) **approve the attached resolution to adopt the Detroit Water and Sewerage Department (DWSD) Water System Improvements Project Plan for FY 2027 Drinking Water State Revolving Fund (DWSRF) funding consideration;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Great Lakes Water Authority (GLWA) secures capital improvement financing for the Detroit Water and Sewerage Department (DWSD) in accordance with foundational documents related to the establishment of GLWA. Pursuant to Section 7.2(b) of the

DRAFT for Audit Committee Review Only

Regional Water Supply System Lease between the City of Detroit and GLWA, “The Authority shall cooperate fully with the City in the implementation of this Detroit Capital Improvement Program, including financing through the Authority....”

DWSD has identified the Water System Improvements Project for submittal to the Michigan Department of Environment, Great Lakes, and Energy (EGLE) for FY 2027 DWSRF funding consideration. This project is comprised of five sub-projects focused on replacing water mains and lead service lines in select neighborhoods throughout the city of Detroit as follows.

- Water Main Replacement referenced as WS-757 (Project A), in the South of Six, Rosedale Park, Grandmont #1, Hubbell-Puritan, and Belmont neighborhoods. Estimated project costs: \$20 million.
- Water Main Replacement referenced as WS-758 (Project B), in the West Outer Drive, Fiskhorn, Davison-Schoolcraft, Northwest Community, and Chadsey Condon neighborhoods. Estimated project costs: \$20 million.
- Three (3) Lead Service Line Replacement Projects in the Grandmont, Springwells, Boynton, and Dexter-Linwood neighborhoods. Estimated project costs: \$30 million (\$10 million each for 3 lead service line replacement projects).

The impact of this project and the associated sub-projects will be improved customer satisfaction and safe, reliable service delivery of potable water to customers. The total estimated cost of the overall project is \$70 million.

The deadline to submit all DWSRF project planning documents to EGLE is June 1, 2026. A public hearing must be held for the impacted area of the project prior to submission. The Water System Improvements Project Plan was presented at a DWSD Public Hearing on February 18, 2026, and adopted by the DWSD Board of Water Commissioners on the same date. Per notification from EGLE, GLWA is not required to hold a separate public hearing for the local project. The project plan and Public Hearing Notice can be viewed on DWSD’s website at: www.detroitmi.gov/dwsd.

JUSTIFICATION

The Michigan Department of Environment, Great Lakes, and Energy requires the GLWA Board of Directors approve a resolution adopting the DWSD project plan. The resolution must be signed and included with the final project planning documents by the June 1, 2026 deadline. DWSD shall submit the project plan to EGLE with GLWA as the loan applicant if approved for funding.

DRAFT for Audit Committee Review Only

GLWA concurs with the DWSD Water System Improvements Project Plan adoption and will pursue low interest funding through the DWSRF program. Historically, DWSD has qualified as a significantly overburdened community, allowing it to secure additional priority points, which improves the chance of funding, and to attain the lowest DWSRF interest rate.

While the FY 2027 DWSRF interest rates may not be published until October 2026, significantly overburdened applicants currently qualify for 1.00 percent financing on 20-year, 30-year, and 40-year loans. These loans typically offer substantial interest savings compared to similar open-market revenue bonds. By way of example, a \$70 million DWSRF loan provides approximately \$47.5 million in potential interest savings over a 30-year term compared to a 4.5% market-based alternative.

Another advantage to the SRF program is interest costs are only incurred on amounts drawn from the loan instead of the entire loan amount. This results in additional debt service savings early in the term of the loan compared to market-based transactions.

BUDGET IMPACT

GLWA will be the loan applicant on DWSRF loans issued on behalf of DWSD, and DWSD will be the DWSRF loan recipient as determined by EGLE. All project costs financed by GLWA, on behalf of DWSD, through the DWSRF program bonds and resulting principal and interest payments on the bonds will be directly allocable to the DWSD local system. Debt service is anticipated to begin on October 1, 2027 for this project and will be included as part of the FY 2028 – FY 2029 biennial budget.

COMMITTEE REVIEW

This matter was presented to the GLWA Audit Committee at its March 27, 2026 meeting. The Audit Committee [insert action] that the Great Lakes Water Authority Board of Directors approves the attached Resolution for the Detroit Water and Sewerage Department (DWSD) Water System Improvements Project Plan for FY 2027 Drinking Water State Revolving Fund (DWSRF) funding consideration.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.

Great Lakes Water Authority
Resolution 2026-113

RE: Resolution to Adopt the Detroit Water and Sewerage Department (DWSD) Water System Improvements Project Plan for Fiscal Year (FY) 2027 Drinking Water State Revolving Fund (DWSRF) Funding Consideration

By Board Member: _____

- Whereas:** The City of Detroit through its Detroit Water and Sewerage Department (DWSD), and the Great Lakes Water Authority (GLWA), both jointly recognize the need to make improvements to its existing water supply system that are owned and operated by the City of Detroit and that are physically located within the city limits; and
- Whereas:** Pursuant to Section 7.2(b) of the Regional Water Supply System Lease between the City of Detroit and GLWA, the Authority shall cooperate fully with the City in the implementation of Detroit Capital Improvement Program, including financing through the Authority; and
- Whereas:** The Water System Improvements Project Plan for fiscal year (FY) 2027 Drinking Water State Revolving Fund (DWSRF) funding consideration has been prepared by DWSD; and
- Whereas:** The Water Systems Improvements project is comprised of replacing water mains and lead service lines in select neighborhoods including the South of Six, Rosedale Park, Grandmont #1, Hubbell-Puritan, and Belmont neighborhoods, referenced as WS-757 (Project A); and
- Whereas:** West Outer Drive, Fiskhorn, Davison-Schoolcraft, Northwest Community, and Chadsey Condon neighborhoods referenced as WS-758 (Project B); and
- Whereas:** Three (3) Lead Service Line Replacement Projects in the Grandmont, Springwells, Boynton, and Dexter-Linwood neighborhoods; and
- Whereas:** The Project Plan was presented by DWSD at a public hearing held on February 18, 2026, at 2:00 p.m. in the DWSD Board of Water Commissioners (BOWC) hearing room, and all public comments were considered and addressed; and
- Whereas:** The DWSD formally adopted said Project Plan and agreed to implement the identified Water System Improvements, as described in said document, as evidenced by the DWSD resolution; and
- Whereas:** It is the desire of the GLWA Board of Directors to secure low interest loan assistance through the DWSRF program.

Now Therefore Be It:

- Resolved** The GLWA Board hereby accepts and approves the FY 2027 DWSRF Project Plan for the DWSD Water System Improvements project as approved by the DWSD BOWC at its February 18, 2026, meeting; and Be It Further
- Resolved** The GLWA concurs with the DWSRF Project Plan adoption and agrees to serve as the DWSRF loan applicant on behalf of the City of Detroit, the loan recipient, for all activities required by DWSRF financing, and in accordance with local and state intergovernmental agreement; and Be It Further
- Resolved** The GLWA Resolution identifying Designated Representatives adopted on October 23, 2024, established the GLWA authorized representatives for all DWSRF program activities, and no updates to these designations are necessary at this time; and Be It Further
- Resolved** That the Chief Executive Officer (CEO) is authorized to transmit the final FY 2027 DWSRF Water System Improvements Plan to the Michigan Department of Environment, Great Lakes, and Energy on behalf of the GLWA Board of Directors and take all appropriate steps to secure approval of a low interest loan in accordance with EGLE's procedures so that the project can proceed expeditiously to construction.

Adopted by the Great Lakes Water Authority Board on:

February 2026

FY2027 DWSRF Projects

*Samuel A. Smalley, P.E., S-1, F-1,
Deputy Director*



**Water & Sewerage
Department**



DWSRF Program Overview

Drinking Water State Revolving Fund (DWSRF)

- DWSD will be seeking low-interest DWSRF loan assistance for FY2027.

City of Detroit is well positioned to receive funding based on need.

- Disadvantaged community determination based on debt service. The upcoming loan will be charged to customers over time and built into the capital portion of the rate structure.
- DWSD's disadvantaged status allows for a 30-year or 40-year loan term option instead of the standard 20-year loan term.
- Principal forgiveness subsidy:
 - Previous loan for \$10,000,000 with 100% loan forgiveness for lead service line replacement.

DWSRF FY 2027 Water Main Replacement

- The project plan includes **two water main replacement** projects and **three lead service line replacement** projects for a total of **\$70M**
- Construction will include:
 - Excavation of existing water mains;
 - Hydro-vac excavation of service lines;
 - Installation of new pipes and rehabilitation of pipes;
 - Replacement of lead service lines;
 - Pressure testing;
 - Restoration of each work site.
- Water main replacement work to be performed within the existing road right-of-way. Lead service line replacements require access to private property to replace the private portion of the line. **The impact of the project will be improved customer satisfaction and safe, reliable service delivery of potable water to customers.**

DWSRF FY 2027 Water Main Replacement

- The temporary impact of construction activities will be minimized through mitigation measures specified in the contract documents.
- Adverse impacts on historical, archaeological, geographic, or cultural areas are not expected.
- This project is necessary to ensure that DWSD will consistently and reliably provide high quality potable water to Detroit residents.
- **The Project Plan describes water mains in critical need of replacement or rehabilitation.**
- The total project cost of this project is currently estimated at \$70M of which 100% is being requested through the DWSRF.
 - Approximately \$20M for water main replacement Project A
 - Approximately \$20M for water main replacement Project B
 - Approximately \$10M for **each** of the three lead service line projects

Project Locations and Scope of Work



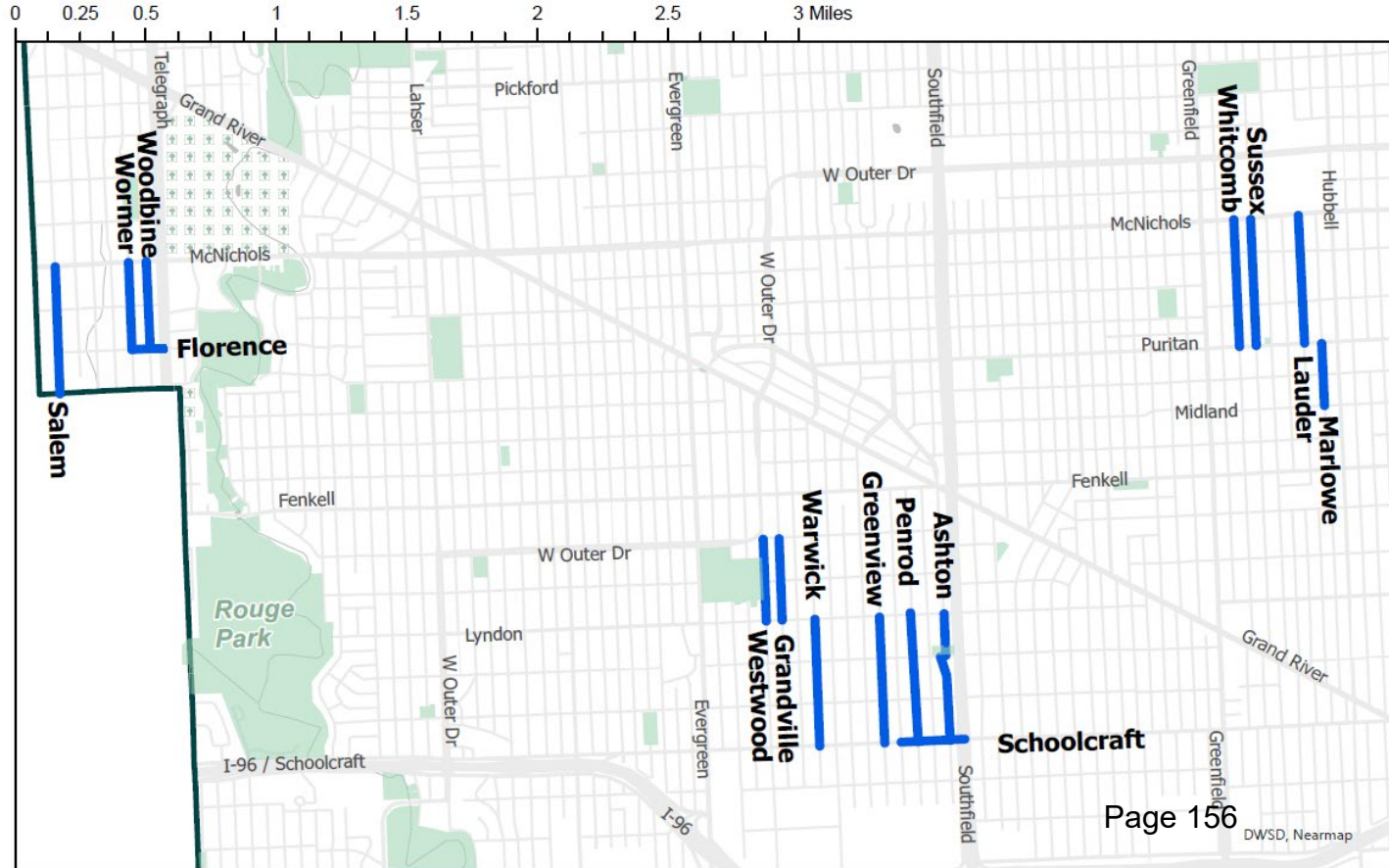
Project A, WS-757: Water Main Replacement & Rehabilitation in District 1 and 2

- DWSD proposes to develop contract number WS-757 with a project scope that includes **replacing and rehabilitating approximately 30,026 linear feet (5.68 miles) of vintage cast iron water main** size 6-inches and 8-inches in diameter.
 - Includes full lead service line replacement
 - **Estimated cost: \$20M**
- **Project locations:**
South of Six, Rosedale Park, Grandmont #1, Hubbell-Puritan, Belmont

WS-757 Map

Project locations:

- South of Six
- Rosedale Park
- Grandmont #1
- Hubbell-Puritan
- Belmont



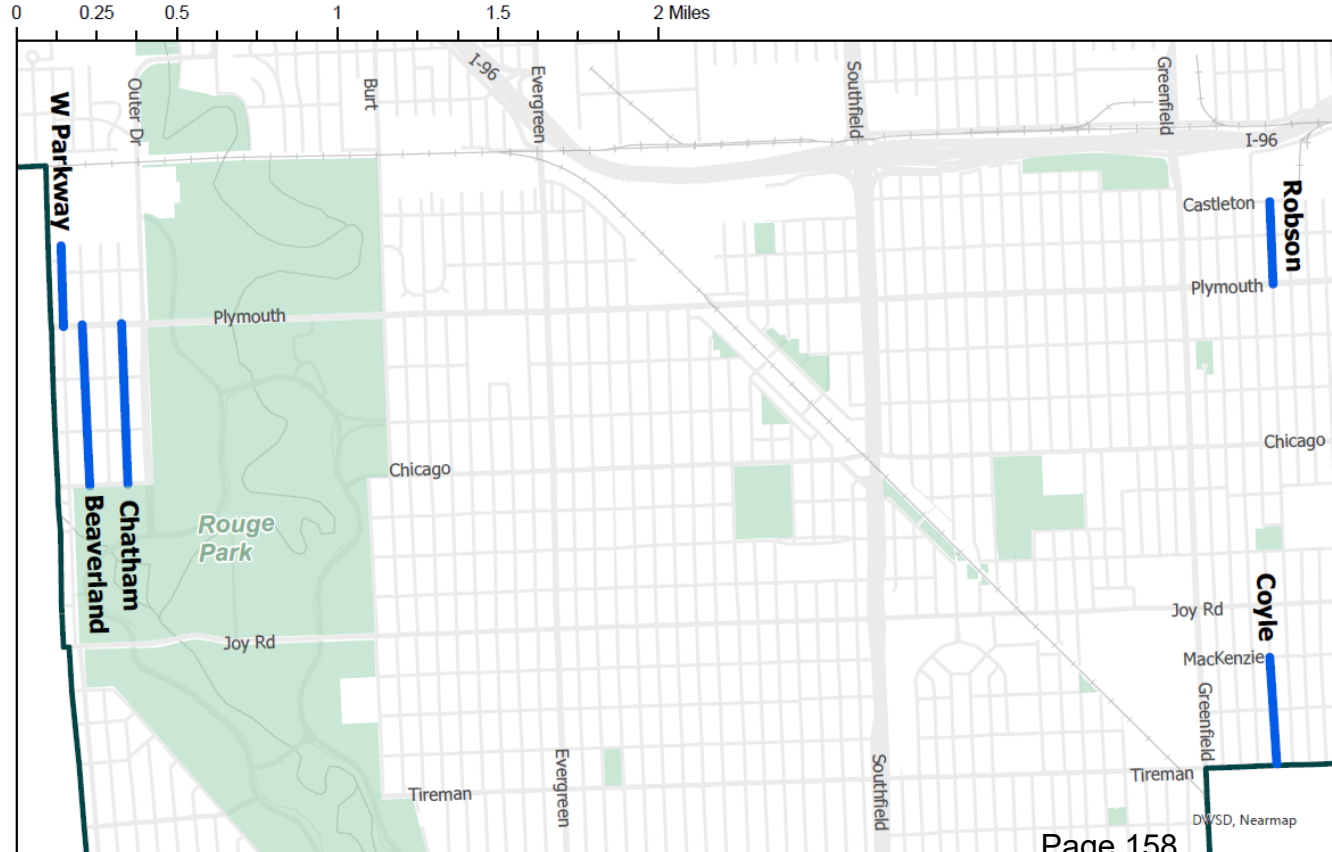
Project B, WS-758: Water Main Replacement & Rehabilitation in District 7 and District 6

- DWSD proposes to develop contract number WS-758 with a project scope that includes **replacing and rehabilitating approximately 28,485 linear feet (5.39 miles) of vintage cast iron water main** size 6-inches and 8-inches in diameter.
 - Includes full lead service line replacements
 - **Estimated cost: \$20M**
- **Project locations:**
West Outer Drive, Fiskhorn, Davison-Schoolcraft, Northwest Community, Chadsey Condon

WS-758 Map

Project locations:

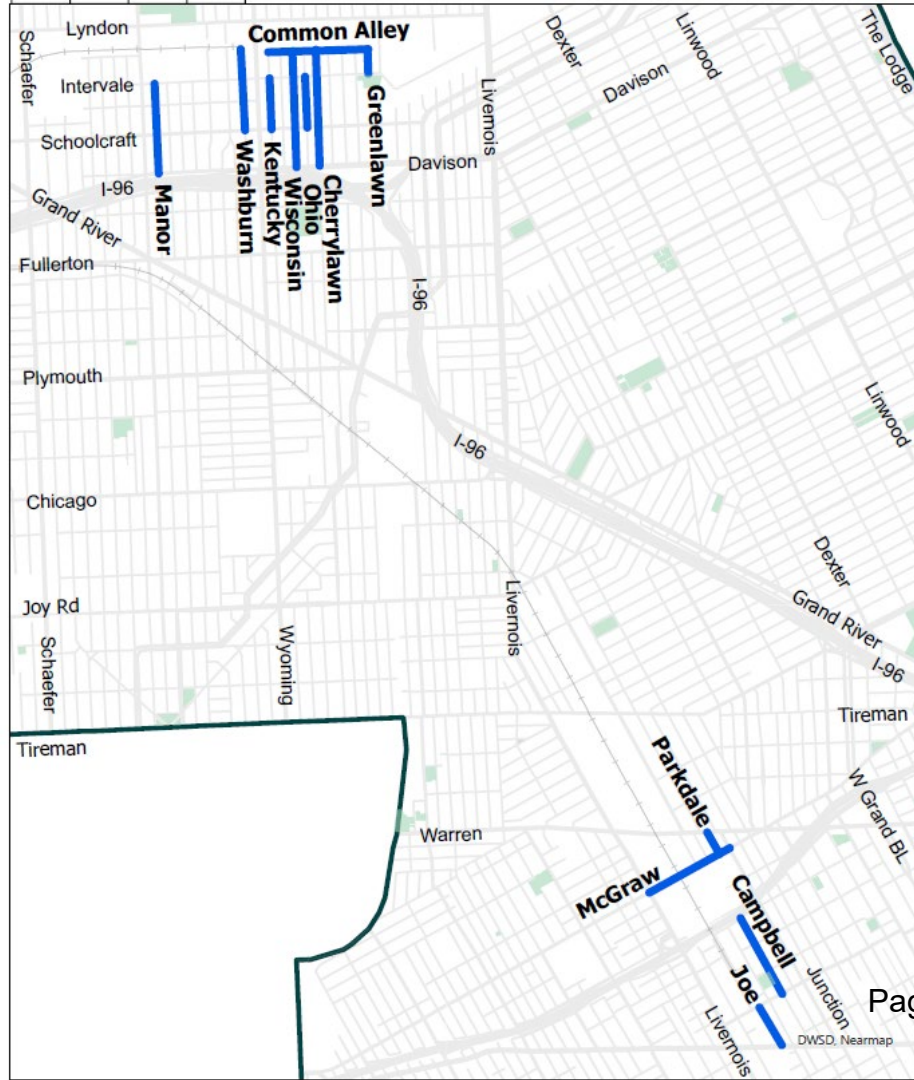
- West Outer Drive
- Fiskhorn
- Plymouth-Hubbell



WS-758 Map

Project locations:

- Northwest Community
- Davison-Schoolcraft
- Chadsey Condon



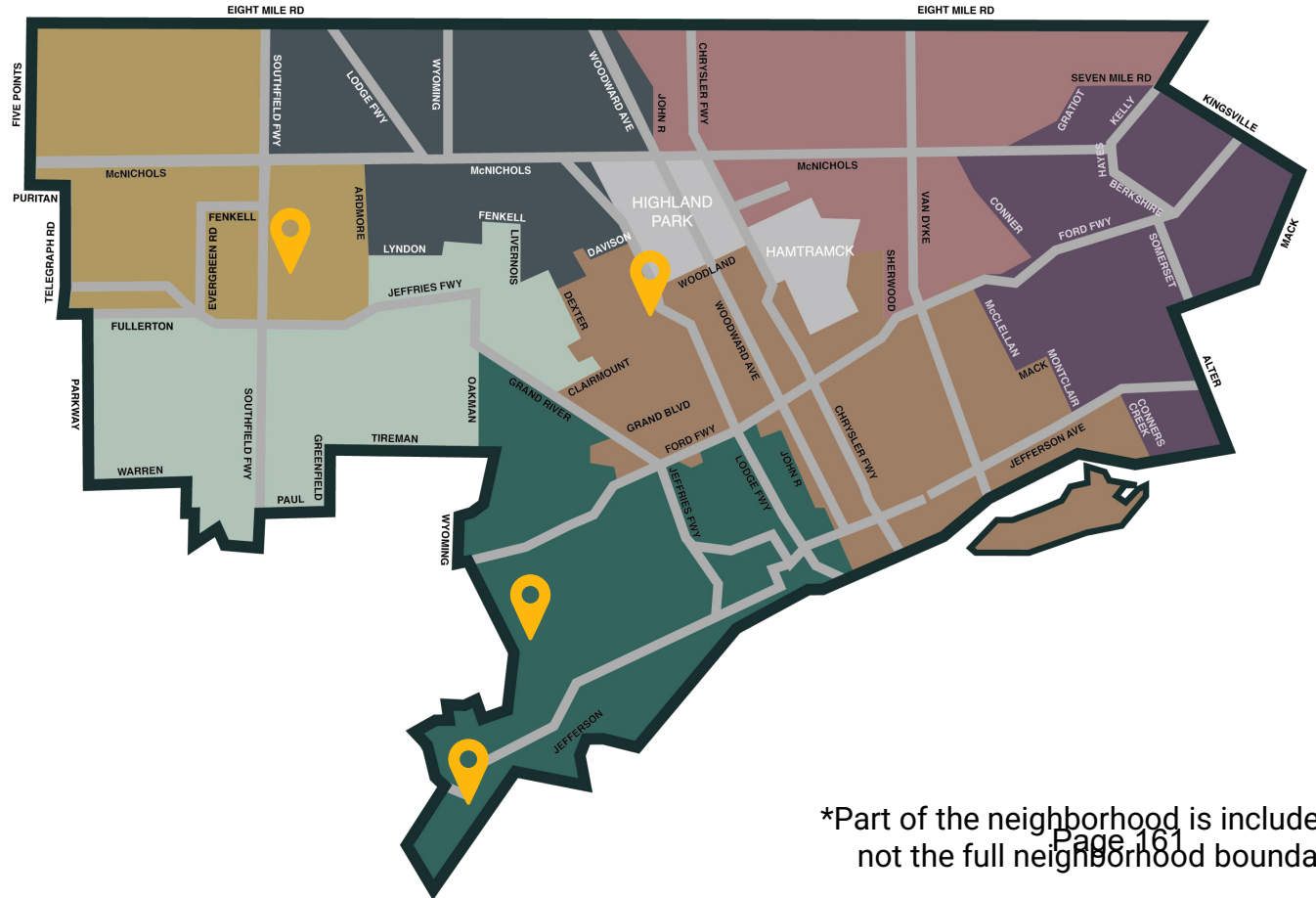
Three Lead Service Line Replacement Projects

- DWSD proposes to develop three contracts with pending titles - WS-7XXA, WS-7XXB and WS-7XXC - with a project scope that includes **replacing existing lead service lines with copper pipe in four neighborhoods.**
- **1,000** service lines will be replaced on the public and private sides under **each** of the three projects. The total number of service lines is **3,000** with a forecasted cost of **\$30,000,000.**
- Location of projects: Grandmont (District 1)
Springwells (District 6)
Boynton (District 6)
Dexter-Linwood (District 5)

Location of Lead Service Line Replacement Projects

Project locations*:

- Grandmont
- Springwells
- Boynton
- Dexter-Linwood



*Part of the neighborhood is included, not the full neighborhood boundary.

Schedule

Project Plan, Design and Construction



DWSRF Project Plan Schedule

Draft Project Plan Public Meeting and Board Resolution

• February 18, 2026

GLWA Board Meeting and Board Resolution

• May 27, 2026

Final Project Plan Submitted to EGLE

• June 1, 2026

EGLE SRF Award Intent Announcements

• September or October 2026

**RFB Published in February 2027 and
Construction Begins April 2027**

BOWC Approval Request

Resolution Approving the Project Planning Document

- DWSD requests the BOWC approve the project planning document by adopting the resolution.

Thank You



313-267-8000



dwsd-publicaffairs@detroitmi.gov



www.detroitmi.gov/dwsd



Water & Sewerage
Department



**A RESOLUTION ADOPTING A FINAL PROJECT PLAN FOR THE DETROIT WATER AND
SEWERAGE DEPARTMENT FOR WATER SYSTEM IMPROVEMENTS FY27 DRINKING
WATER STATE REVOLVING FUND (DWSRF) PROJECT**

WHEREAS, Detroit Water and Sewerage Department (DWSD) and the Great Lakes Water Authority (GLWA) recognize the need to make improvements to its existing water distribution system that are owned and operated by the City of Detroit and that are physically located within the city limits; and

WHEREAS, DWSD has prepared a Drinking Water State Revolving Fund (DWSRF) Project Plan, which recommends water main replacement and associated appurtenances, including removal of certain lead service lines, in the South of Six, Rosedale Park, Grandmont #1, Hubbell-Puritan, and Belmont neighborhoods in the city of Detroit, further referenced as WS-757 (Project A); and

WHEREAS, DWSD has prepared a Drinking Water State Revolving Fund (DWSRF) Project Plan, which recommends water main replacement and associated appurtenances, including removal of certain lead service lines, in the West Outer Drive, Fiskhorn, Davison-Schoolcraft, Northwest Community, and Chadsey Condon neighborhoods in the city of Detroit, further referenced as WS-758 (Project B); and

WHEREAS, DWSD has prepared a Drinking Water State Revolving Fund (DWSRF) Project Plan, which recommends lead service line replacement and associated appurtenances in the Grandmont, Springwells, Boynton, and Dexter-Linwood neighborhoods in the city of Detroit; and

WHEREAS, said Project Plan was presented at the public meeting held on Wednesday, February 18, 2026 and all public comments have been considered and addressed; and

WHEREAS, DWSD formally adopted said Project Plan and agreed to implement the identified selected alternative of water main and lead service line replacements as described in said document, as evidenced by the DWSD resolution;

NOW THEREFORE BE IT RESOLVED, that Detroit Water and Sewerage Department formally adopts said Project Planning Document and agrees to implement the selected project design.

BE IT FURTHER RESOLVED, that the Detroit, Water and Sewerage Department Director, a position currently held by Gary Brown, is designated as the authorized representative for all

activities associated with the project referenced above, including the submittal of said Project Planning Document as the first step in applying to the State of Michigan for a Drinking Water State Revolving Fund Loan to assist in the implementation of the selected alternative

Yeas (names of Members voting Yes):

Chairperson Michael Einheuser, Vice Chairperson Mary E. Blackmon, Commissioner Ademola W. Fagade, Commissioner Linda D. Forte, Commissioner Jane C. Garcia, and Commissioner Jonathan C. Kinloch

Nays (names of Members voting No):

I certify that the above Resolution was adopted by Great Lakes Water Authority and Detroit Water and Sewerage Department on February 18, 2026.

BY: Marian King-Bell
Name (please print or type)
Marian King Bell
Signature

Board Secretary
Title
2/20/2026
Date



Detroit Water and Sewerage Department Certified Copy

735 Randolph Street
Detroit, Michigan 48226
(313) 224-4704 Office
dwsd.legistar.com

Resolution, BOWC: 2026-44

File Number: 2026-44

Upon recommendation of Samuel A. Smalley, P.E., Deputy Director, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department **recommends adoption of the “A final project plan for the Detroit Water and Sewerage Department Water Main Replacement and Rehabilitation and Designating an Authorized Project Representative FY 2027 Drinking Water State Revolving Fund (DWSRF)”** and also authorizes the Chief Financial Officer and the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of February 18, 2026

Item No. 2026-44

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Gary Brown, Director
Water and Sewerage Department

RE: Final Project Plan for Water Main Replacement and Rehabilitation and Designating an Authorized Project Representative FY 2027 Drinking Water State Revolving Fund (DWSRF)

MOTION:

Upon recommendation of Samuel A. Smalley, P.E., Deputy Director, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department **recommends adoption of the “A final project plan for the Detroit Water and Sewerage Department Water Main Replacement and Rehabilitation and Designating an Authorized Project Representative FY 2027 Drinking Water State Revolving Fund (DWSRF)”** and also authorizes the Chief Financial Officer and the Director to take such other action as may be necessary to accomplish the intent of this vote.



DETROIT WATER AND SEWERAGE DEPARTMENT NOTICE PUBLIC MEETING FOR WATER MAIN AND LEAD SERVICE LINE REPLACEMENT FY27 DRINKING WATER STATE REVOLVING FUND (DWSRF) PROJECT

The Detroit Water and Sewerage Department (DWSD) announces a public meeting regarding its Project Plan for proposed water main replacement in the city of Detroit. DWSD will be seeking low interest Drinking Water State Revolving Fund (DWSRF) loan assistance for FY2027. These projects are comprised of replacing water mains and lead service lines at the following locations in Detroit:

- Water Main Replacement named WS-757 (Project A), in the neighborhoods of South of Six, Rosedale Park, Grandmont #1, Hubbell-Puritan, Belmont
- Water Main Replacement named WS-758 (Project B), in the neighborhoods of West Outer Drive, Fiskhorn, Davison-Schoolcraft, Northwest Community, Chadsey Condon
- Three (3) Lead Service Line Replacement Projects named WS-7XXA, WS-7XXB and WS-7XXC, in the neighborhoods of Grandmont, Springwells, Boynton, Dexter-Linwood

Construction will include excavation of existing water mains, installation of new pipes, select rehabilitation of existing pipes, replacement of valves and hydrants, replacement of lead (Pb) water service lines of two inches in diameter or less from the water main to the customer's water meter, pressure testing, backfill of the excavation required for piping work, and restoration of each work site. All work is to be performed within the existing road right-of-way. The impact of the project will be improved customer satisfaction and safe, reliable service delivery of potable water to customers. The temporary impact of construction activities will be minimized through mitigation measures specified in the contract documents. Adverse impacts on historical, archaeological, geographic, or cultural areas are not expected. This project is necessary to ensure that DWSD consistently and reliably provides high quality potable water to Detroit residents. The Project Plan describes water mains in critical need of replacement or rehabilitation. The total cost of this project is currently estimated at \$20 million for WS-757, \$20M for WS-758, and \$30M for LSLR projects WS-7XXA, WS-7XXB and WS-7XXC which is being sought through the DWSRF program. A total of \$140 million is being sought through the DWSRF program. All the cited projects are eligible for participating under the State of Michigan low interest DWSRF loan program.

The Public Meeting will present a description of the recommended project and estimated costs. The purpose of the meeting is not only to inform, but to seek and gather input from people who will be affected. Comments and viewpoints from the public are encouraged.

THE PROJECT PRESENTATION AND PUBLIC COMMENT WILL BE DURING THE DETROIT BOARD OF WATER COMMISSIONERS MEETING ON:

DATE: Wednesday, February 18, 2026 at 2:00 p.m.

PLACE: Detroit Water and Sewerage Department
735 Randolph, 5th Floor, Board Room
Detroit, Michigan 48226

Call in using your phone: 301-715-8592
Zoom Meeting ID: 815 7263 5118
Zoom Passcode: 482262021

To attend online via Zoom: <https://cityofdetroit.zoom.us/j/81572635118>
Use Passcode: 482262021

Information on the Project Plan will be available for review after February 1, 2026 at the following locations:

1. City Website: detroitmi.gov/dwsd
2. By email request to Sonali Patel: sonali.patel@detroitmi.gov
3. In person at the Water Board Building

If you have questions or want to submit written statements for the Public Meeting, call or write:

Call: Sonali Patel at 313-782-2477
Email: Sonali Patel at sonali.patel@detroitmi.gov
Mail: Sonali Patel
Detroit Water and Sewerage Department
735 Randolph, Suite 901
Detroit, MI 48226

Written comments will be accepted at the above address if received prior to 2:00 p.m. EST, Wednesday, February 18, 2026.

Participating in Public Comment During the Public Hearing

You may provide your public comment in-person or via Zoom (see below).

In-person attendees

• If you want to make public comment, complete the form available in the Board Room and it will be provided to the Chair. The Chair will call on you during the appropriate time. We respectfully request that you maximize your three minutes by sharing all your comments/questions at one time.

Attending via Zoom

• During the public comment section, raise your hand using the Zoom hand icon on your desktop or mobile device, or if calling into the meeting by phone, press *9 to raise your hand (press *6 to unmute when called upon). We respectfully request that you maximize your three minutes by sharing all your comments/questions at one time.

City of Detroit Water and Sewerage Department
Gary Brown, Director



Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Cindy Cezat, Director, Financial Management & Planning
Robert Arbaugh, Manager, Financial Planning & Analysis

Re: FY 2026 Third Quarter Budget Amendments through March 31, 2026, and Proposed Budget Amendment Resolution

Background: In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee. When budget amendments are required at the appropriation level as defined by the fiscal year budget adoption resolution, the Audit Committee reviews the proposed budget amendments and forwards them to the Board of Directors with a recommendation.

Analysis: See attached report.

Proposed Action: The Audit Committee recommends that the Board of Directors for the Great Lakes Water Authority adopt the proposed FY 2026 third quarter budget amendments as presented.

..Title

FY 2026 Third Quarter Budget Amendments through March 31, 2025 and Proposed Budget Resolution

..Body

Agenda of: April 22, 2026

Item No.: **2026-114**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: April 22, 2026

RE: FY 2026 Third Quarter Budget Amendments through March 31, 2026 and Proposed Budget Amendment Resolution

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), adopts the **proposed FY 2026 Third Quarter Budget Amendments as presented**; and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The founding legal documents for the Great Lakes Water Authority (GLWA) provide a structure for budget preparation, adoption, and amendment. The Board of Directors

adopts a biennial budget by resolution which specifies appropriation amounts which may be modified through budget amendments. To the extent that there is a proposed amendment of the budget among the appropriation categories, the matter is brought to the Audit Committee for review and consideration of a recommendation to the Board of Directors for their consideration for approval.

JUSTIFICATION

Attached is the communication to the Audit Committee, dated March 27, 2026 which presents the proposed budget amendments for the third quarter of FY 2026. The reports included in this communication include the following.

1. Quarterly Budget Amendment Report for FY 2026 ending March 31, 2026.
2. Resolution Adopting the Budget Amendments through the third quarter of FY 2026.

BUDGET IMPACT

The overall budget, despite amendment, continues to be balanced.

COMMITTEE REVIEW

This matter was reviewed by the Audit Committee at its meeting on March 27, 2026. The Audit Committee *[insert action]* that the Board of Directors for the Great Lakes Water Authority adopt the proposed FY 2026 third quarter budget amendments.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.



**FY 2026 Third Quarter
Budget Amendment Report
Through March 31, 2026
& Proposed Budget Amendment
Resolution**

Presented to the Audit Committee
March 27, 2026



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Executive Summary

In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented in addition to a corresponding budget amendment resolution. This budget amendment report is presented with tables followed by commentary.

Water System Executive Summary - Year-to-Date

For the third quarter FY 2026 budget amendment, the focus is on employee benefit increases and reallocation of the O&M budget between expense categories. Further details are provided in the accompanying budget analysis.

Revenue Requirement Adopted (Original Plan) vs. Forecasted Actual - Table 1A

Positive Variances

- ✓ None

Negative Variances

- ✓ \$1.9 million operations and maintenance expense due to an increase in employee benefits, the majority of which is for health care costs.

The net impact of the above is negative with a \$1.9 million decrease in the Improvement & Extension Transfer pending year-end close for future paygo capital funding. This eliminates the positive variance from the first quarter budget amendment.

It should be noted that this budget amendment report is being prepared at the same time as costs are being incurred for water main breaks in Oakland and Macomb counties. The financial impact will be reflected in the next budget amendment report.

Improvement & Extension Adopted (Original Plan) vs. Forecasted Actual - Table 3A

Aside from the transfer in decrease of \$1.9 million based on operational needs noted above, the other amendment is to increase the capital outlay for projects not known at the time the budget was developed.

Construction Fund Adopted (Original Plan) vs. Forecasted Actual - Table 4A

With the adoption of the FY 2027 budget, and the current capital delivery occurring, the capital spending rate assumption is being decreased to 88%. In addition, the budget was amended to align with the FY 2026 projected in the CIP that was approved by the Board of Directors in February 2026.

Sewer System Executive Summary - Year-to-Date

For the third quarter FY 2026 budget amendment, the focus is on employee benefit increases and reallocation of the O&M budget between expense categories. Further details are provided in the accompanying budget analysis.



Revenue Requirement Adopted (Original Plan) vs. Forecasted Actual - Table 1B

Positive Variances

- ✓ None

Negative Variances

- ✓ \$1.0 million operations and maintenance expense due to an increase in employee benefits, the majority of which is for health care costs.

The net impact of the above is negative with a corresponding \$1.0 million decrease in the Improvement & Extension Transfer. This reduces the effect of the positive variance from the first quarter budget amendment but still provides an overall increase in the I&E transfer at this point. The headwind, however, is increasing capital program needs for aging infrastructure which has been communicated over the last few months.

Improvement & Extension Adopted (Original Plan) vs. Forecasted Actual - Table 3B

Aside from the transfer in decrease of \$1.1 million from operations noted above, the capital outlay is being decreased by \$1.5 million for projects that have been deferred.

Construction Fund Adopted (Original Plan) vs. Forecasted Actual - Table 4B

The budget was amended to align with the FY 2026 projected in the CIP Plan that was approved in February 2026. The financial plan related to this increase was included in the first quarter budget amendment.

Third Quarter Revenue Requirement Budget Amendment Analysis

Section 1 - Revenue Requirement - Water and Sewer Systems

Table 1A - Water System Revenue Requirement – Appropriation Level

Water System	Adopted Budget	FY 2026 Amendments			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
Revenues						
Revenue from Charges						
Wholesale Customers	\$ 365,646,100	\$ -	\$ -	\$ -	\$ 365,646,100	\$ 191,116,214
Less: Bad Debt Expense	-	-	-	-	-	-
Charges to Local System	30,028,800	-	-	-	30,028,800	15,014,400
Total Revenue from Charges	395,674,900	-	-	-	395,674,900	206,130,614
Investment Earnings						
Unrestricted	4,654,800	-	-	-	4,654,800	3,271,658
I&E Fund Unrestricted	4,868,800	-	-	-	4,868,800	2,951,373
Restricted for Debt Service	3,260,100	-	-	-	3,260,100	1,495,381
Total Investment Earnings	12,783,700	-	-	-	12,783,700	7,718,412
Other Revenue	302,800	-	-	-	302,800	511,688
Total Revenues	\$ 408,761,400	\$ -	\$ -	\$ -	\$ 408,761,400	\$ 214,360,714
Revenue Requirements						
Operations & Maintenance Expense	\$ 182,456,000	\$ 1,453,400	\$ -	\$ 1,923,900	\$ 185,833,300	\$ 93,116,435
Debt Service	179,082,200	(1,395,800)	-	12,000	177,698,400	89,541,078
General Retirement System Pension	2,730,800	-	-	-	2,730,800	1,365,402
Water Residential Assistance Program Contribution	1,970,000	-	-	-	1,970,000	985,002
Extraordinary Repair & Replacement Deposit	320,000	-	-	-	320,000	-
Regional System Lease	22,500,000	-	-	-	22,500,000	11,250,000
Working Capital Requirement	600,000	(600,000)	-	-	-	-
Improvement & Extension Fund Transfer Pending	19,102,400	542,400	-	(1,935,900)	17,708,900	9,822,402
Total Revenue Requirements	\$ 408,761,400	\$ -	\$ -	\$ -	\$ 408,761,400	\$ 206,080,319
Net Actual to Date						\$ 8,280,395

Table 1A Commentary - Water System Revenue Requirement – Appropriation Level
Revenues

There are no amendments to revenues for this quarter.

Revenue Requirements

The increase to the Revenue Requirements consists of the following:

- *Increase of \$1.9 million in Operation & Maintenance Expense* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.
- *Debt Service increased \$12,000* – The increase is related to draws on SRF loans being higher than anticipated. See Table 2A which has the detail by lien.

The overall net of the changes to the revenue and revenue requirements results in a decrease to the Improvement & Extension Fund of \$1.9 million.

Table 1B - Sewer System Revenue Requirement – Appropriation Level

Sewer System	Adopted Budget	FY 2026			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	Amendments	3rd Quarter		
Revenues						
Revenue from Charges						
Wholesale Customers	\$ 300,316,800	\$ -	\$ -	\$ -	\$ 300,316,800	\$ 149,970,342
Less: Bad Debt Expense	-	-	-	-	-	-
Charges to Local System	215,324,400	-	-	-	215,324,400	107,662,200
Industrial Waste Control	9,150,300	-	-	-	9,150,300	4,559,887
Pollutant Surcharges	5,112,700	-	-	-	5,112,700	2,462,615
Total Revenue from Charges	529,904,200	-	-	-	529,904,200	264,655,044
Investment Earnings						
Unrestricted	5,087,300	-	-	-	5,087,300	4,894,384
I&E Fund Unrestricted	5,451,500	-	-	-	5,451,500	2,994,759
Restricted for Debt Service	4,076,400	-	-	-	4,076,400	1,749,146
Total Investment Earnings	14,615,200	-	-	-	14,615,200	9,638,289
Other Revenue	442,600	-	-	-	442,600	204,315
Total Revenues	\$ 544,962,000	\$ -	\$ -	\$ -	\$ 544,962,000	\$ 274,497,648
Revenue Requirements						
Operations & Maintenance Expense	\$ 236,098,700	\$ 1,453,300	\$ -	\$ 1,010,400	\$ 238,562,400	\$ 116,660,470
Debt Service	220,884,500	(4,610,700)	-	-	216,273,800	110,442,246
General Retirement System Pension	5,632,800	-	-	-	5,632,800	2,816,400
Water Residential Assistance Program Contribution	2,638,500	-	-	-	2,638,500	1,319,250
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-
Regional System Lease	27,500,000	-	-	-	27,500,000	13,750,002
Working Capital Requirement	-	-	-	-	-	-
Improvement & Extension Fund						
Transfer Pending	52,207,500	3,157,400	-	(1,010,400)	54,354,500	27,682,452
Total Revenue Requirements	\$ 544,962,000	\$ -	\$ -	\$ -	\$ 544,962,000	\$ 272,670,820
Net Actual to Date						\$ 1,826,828

Table 1B Commentary - Sewer System Revenue Requirement – Appropriation Level
Revenues

There are no amendments to revenues for this quarter.

Revenue Requirements

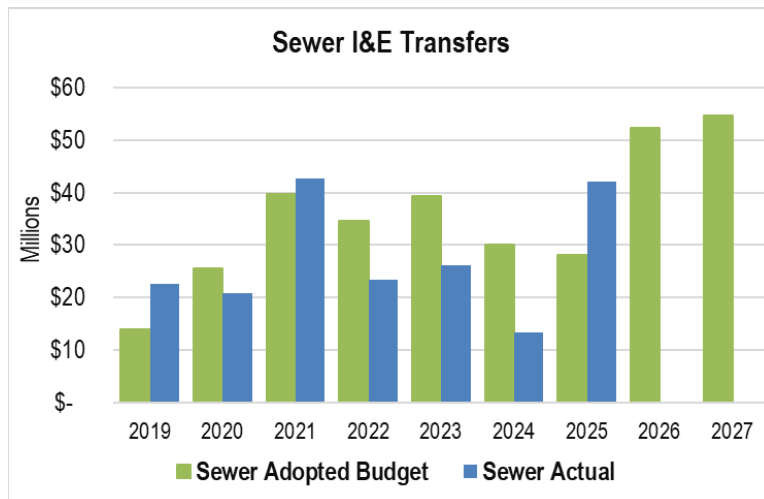
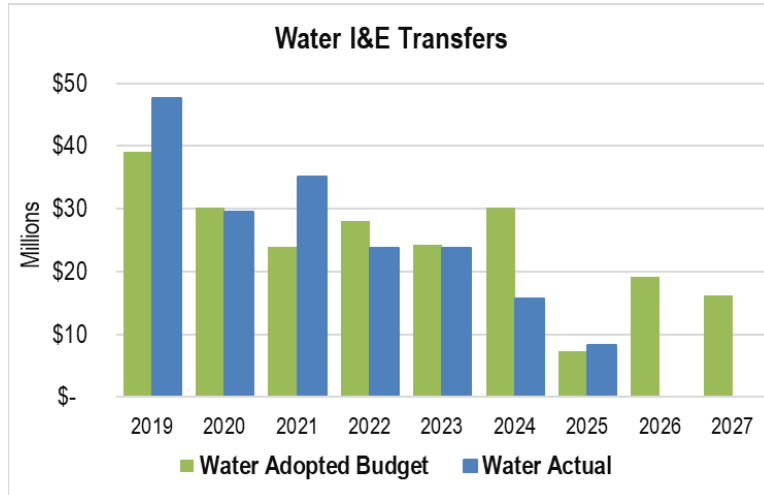
The increase to the Revenue Requirements consists of the following:

- *Increase in Operations & Maintenance Expense of \$1.0 million* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.

The overall net of the changes to the revenue and revenue requirements results in a decrease to the Improvement & Extension Fund of \$1.0 million.

Section 1 - Supplemental Information

Table 1C - Historical I&E Funding – Water and Sewer System



The current FY 2026 budget amendment results in additional funds being available for I&E purposes for the sewage disposal fund, assuming there will be no additional increases in operations and maintenance expenses for the rest of the fiscal year. It should be noted that these increases help to offset the declining nature of the funds set aside to reduce capital financing.

Table 1D - Operations & Maintenance by Fund

System	FY 2026					
	Adopted	Amendments			Amended	Activity Thru
	Budget	1st Quarter	2nd Quarter	3rd Quarter	Budget	12/31/2025
Water System	\$ 182,456,000	\$ 1,453,400	\$ -	\$ 1,923,900	\$ 185,833,300	\$ 93,116,435
Sewer System	236,098,700	1,453,300	-	1,010,400	238,562,400	116,660,470
Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 424,395,700	\$ 209,776,905

Totals may be off due to rounding.

Table 1E - Operations and Maintenance by Service Area

Operating Area	FY 2026					
	Adopted	Amendments			Amended	Activity Thru
	Budget	1st Quarter	2nd Quarter	3rd Quarter	Budget	12/31/2025
A Water System Operations	\$ 101,500,700	\$ -	\$ -	\$ 588,800	\$ 102,089,500	\$ 51,943,289
B Wastewater System Operations	156,572,600	-	-	-	156,572,600	76,493,591
C Centralized Services	117,387,600	2,871,900	-	1,504,100	121,763,600	59,073,024
D Administrative Services	43,093,800	34,800	-	841,400	43,970,000	22,267,001
Employee Benefits	-	-	-	-	-	-
Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 424,395,700	\$ 209,776,905

Totals may be off due to rounding.

The \$2.9 million increase in FY 2026 Q3 budget amendments is attributable mostly to an increase of \$4.9 million in employee benefits, which has been offset by the use of \$2.0 million of unallocated reserves.

The blue font numbers in the first quarter are revised to reclass \$11,700 in personnel costs that were coded to the wrong operating area. This impacted only the subsidiary schedules and not the total amendment approved by the Board of Directors.

Table 1F - Unallocated Reserve by Service Area

O&M Unallocated Reserves	FY 2026					
	Adopted	Amendments			Amended	
	Budget	1st Quarter	2nd Quarter	3rd Quarter	Budget	
Water System Operations	\$ 2,113,200	\$ (1,625,300)	\$ -	\$ (487,900)	\$ -	\$ -
Wastewater System Operations	3,176,400	(692,800)	-	(1,491,000)	992,600	-
Centralized Services	2,388,800	(2,388,800)	-	-	-	-
Administrative & Other Services	847,800	(847,800)	-	-	-	-
Total	\$ 8,526,200	\$ (5,554,700)	\$ -	\$ (1,978,900)	\$ 992,600	

Totals may be off due to rounding.

An Unallocated Reserve account is established for each of the four service areas. A budget is assigned to these accounts to cover expenditures not known or quantifiable at the time the budget is developed (merit increases, fluctuations within maintenance contracts and usage

of utilities and chemicals, projects and initiatives not planned at the time the initial budget was developed, etc.). It is GLWA’s internal budget directive for each area, group, and team to manage their needs to an amount within the initial budget. If required, an amendment is made from the unallocated reserve. If a service area does not require as much funding as was established in the original budget, that department’s budgeted expenses are reduced, and the unallocated reserve is increased. A portion of the unallocated reserves were used to offset the increase in costs for operations and maintenance for both the first and third quarter budget amendments.

Table 1G - Enterprise-wide Operations & Maintenance by Expense Category

O&M Expense Categories	FY 2026					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
Personnel Costs	\$ 138,905,400	\$ 5,228,700	\$ -	\$ 4,913,200	\$ 149,047,300	\$ 79,071,226
Utilities	73,078,800	-	-	(105,600)	72,973,200	33,778,384
Chemicals	38,364,600	(1,175,600)	-	(2,669,100)	34,519,900	15,633,773
Supplies & Other	45,211,200	304,800	-	894,210	46,410,210	22,605,887
Contractual Services	120,208,200	4,058,200	-	1,880,490	126,146,890	61,810,120
Capital Program Allocation	(3,430,600)	-	-	-	(3,430,600)	(1,583,153)
Shared Services	(2,309,100)	45,300	-	-	(2,263,800)	(1,539,332)
Intergovernmental Agreement	-	-	-	-	-	-
Unallocated Reserve	8,526,200	(5,554,700)	-	(1,978,900)	992,600	-
Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 424,395,700	\$ 209,776,905

Totals may be off due to rounding.

The table above presents the Operations & Maintenance budget by the major expense categories enterprise wide. Further explanation of the proposed amendment is shown in Table 1H and explained by the four service areas: A - Water System Operations, B - Sewer System Operations, C – Centralized Services, and D – Administrative & Other Services.



Quarterly Budget Amendment Report
 FY 2026 Ending March 31, 2026

Table 1H -Operations & Maintenance Expense by Service Area and Expense Category

Operating Area	FY 2026					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
A Water System Operations	\$ 101,500,700	\$ -	\$ -	\$ 588,800	\$ 102,089,500	\$ 51,943,289
Personnel Costs	27,021,300	1,097,300	-	1,076,700	29,195,300	16,612,886
Utilities	33,668,800	528,000	-	-	34,196,800	15,582,187
Chemicals	14,904,300	-	-	(669,100)	14,235,200	6,624,390
Supplies & Other	6,117,900	-	-	669,100	6,787,000	3,788,750
Contractual Services	19,295,100	-	-	-	19,295,100	10,183,459
Capital Program Allocation	(1,619,900)	-	-	-	(1,619,900)	(848,383)
Unallocated Reserve	2,113,200	(1,625,300)	-	(487,900)	-	-
B Wastewater System Operations	\$ 156,572,600	\$ -	\$ -	\$ -	\$ 156,572,600	\$ 76,493,591
Personnel Costs	44,276,900	1,363,400	-	1,491,000	47,131,300	24,955,116
Utilities	39,029,400	(528,000)	-	(105,600)	38,395,800	18,042,266
Chemicals	23,460,300	(1,175,600)	-	(2,000,000)	20,284,700	9,009,383
Supplies & Other	19,286,600	304,800	-	225,110	19,816,510	10,006,167
Contractual Services	29,655,800	728,200	-	1,880,490	32,264,490	15,574,387
Capital Program Allocation	(1,598,500)	-	-	-	(1,598,500)	(520,482)
Shared Services	(714,300)	-	-	-	(714,300)	(573,246)
Unallocated Reserve	3,176,400	(692,800)	-	(1,491,000)	992,600	-
C Centralized Services	\$ 117,387,600	\$ 2,871,900	\$ -	\$ 1,504,100	\$ 121,763,600	\$ 59,073,024
Personnel Costs	43,371,200	1,895,400	-	1,504,100	46,770,700	23,958,355
Utilities	174,400	-	-	-	174,400	106,468
Supplies & Other	17,139,900	-	-	-	17,139,900	7,453,850
Contractual Services	55,935,900	3,330,000	-	-	59,265,900	28,653,519
Capital Program Allocation	(212,200)	-	-	-	(212,200)	(214,287)
Shared Services	(1,410,400)	35,300	-	-	(1,375,100)	(884,882)
Unallocated Reserve	2,388,800	(2,388,800)	-	-	-	-
D Administrative & Other Services	\$ 43,093,800	\$ 34,800	\$ -	\$ 841,400	\$ 43,970,000	\$ 22,267,001
Personnel Costs	24,236,000	872,600	-	841,400	25,950,000	13,544,869
Utilities	206,200	-	-	-	206,200	47,462
Supplies & Other	2,666,800	-	-	820,000	3,486,800	1,357,120
Contractual Services	15,321,400	-	-	(820,000)	14,501,400	7,398,755
Capital Program Allocation	-	-	-	-	-	-
Shared Services	(184,400)	10,000	-	-	(174,400)	(81,205)
Unallocated Reserve	847,800	(847,800)	-	-	-	-
Employee Benefits						\$ -
Grand Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 424,395,700	\$ 209,776,905

The blue font numbers in the first quarter are revised to reclass \$11,700 in personnel costs that were coded to the wrong operating area. This impacted only the subsidiary schedules and not the total amendment approved by the Board of Directors.

Table 1H Commentary – Operations & Maintenance Expense by Service Area and Expense Category

A – Water System Operations – Net increase = \$0.6 million

- *Personnel* – Increase of \$1.1 million – Due mostly to an increase in health care costs from claims experience that impacted the self-insured segment of that program and increase in participants from filling vacancies. This is budgeted as an intended use of unallocated reserves.
- *Chemicals and Supplies & Other* – These amendments offset each other. Budgeted expense in the Operating Supplies-Chemicals category was moved to Laboratory Supplies.
- *Unallocated Reserve* - Decrease \$0.5 million – Adjusted down to offset the Water O&M cost increases.

B – Wastewater System Operations – Net decrease = \$0.0 million.

- *Personnel* – Increase of \$1.5 million – Due mostly to an increase in health care costs from claims experience that impacted the self-insured segment of that program and increase in participants from filling vacancies. This is budgeted as an intended use of unallocated reserves.
- *Utilities* – Decrease of \$0.1 million – Decrease in electrical costs of \$1.8 million, increase in gas cost of \$1.3 million and increase of water cost of \$0.4 million. These adjustments are largely reflective of the current market conditions
- *Chemicals* – Decrease of \$2.0 million – Mostly due to decrease in chemical usage
- *Supplies & Other* – Increase of \$0.2 million – Reclassification of expense from Operating Supplies-Chemicals to Laboratory Supplies.
- *Contractual Services* – Increase of \$1.9 million – \$1.1 million for higher spending on facilities maintenance, field service techs and boiler operations, \$0.3 million on emergency sewer maintenance, and \$0.4 million on Sewer AI service implementation.
- *Unallocated Reserve* - Decrease of \$1.5 million – Adjusted down to offset the Wastewater O&M cost increases.

C – Centralized Services – Net Increase = \$1.5 million

- *Personnel* – Increase of \$1.5 million – Due mostly to an increase in health care costs from claims experience that impacted the self-insured segment of that program and increase in participants from filling vacancies. This is budgeted as an intended use of unallocated reserves.

D – Administrative & Other Services – Net increase = \$0.8 million

- *Personnel* – Increase of \$0.8 million – Due mostly to an increase in health care costs from claims experience that impacted the self-insured segment of that program and increase in participants from filling vacancies. This is budgeted as an intended use of unallocated reserves.
- *Supplies & Other* – Increase of \$0.8 million – Improvements to network infrastructure for maintenance teams’ connectivity to the enterprise asset management system.



- *Contractual Services* – Decrease of \$0.8 million – Decrease for costs already budgeted in another cost center.

Section 2 - Debt Service – Water and Sewer Systems

For purposes of Debt Service coverage, we look at the combined Regional and Local (DWSD) revenue less operations & maintenance (O&M) expense to determine net revenues to calculate the Debt Service Coverage. The Board adopts the Total Debt Service** amount shown on the Water System Debt Service Coverage Calculation Table 2A and the Sewer System Debt Service Coverage Calculation Table 2B. This is the amount necessary to pay the principal and interest on all Regional Sewer System bonds.

Table 2A- Debt Service Coverage Calculation – Water System- Appropriation Level

Water System Debt Service Coverage Calculation	FY 2026								Amended Budget		
	Adopted Budget	Amendments						Regional System		Adjustment to Local System	
		1st Quarter			2nd Quarter		3rd Quarter				
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System				Adjustment to Local System
Revenues											
GLWA Revenues											
Wholesale Charges	\$ 365,646,100	\$ -			\$ -		\$ -		\$ 365,646,100		
Local System Charges	30,028,800	-			-		-		30,028,800		
Investment Earnings & Other Revenues	13,086,500	-			-		-		13,086,500		
Total GLWA Revenues	408,761,400	-	-	-	-	-	-	-	408,761,400		
Local System Revenues	94,132,300		(100)	-		-		-	94,132,200		
Local System Miscellaneous Revenue	5,124,000		-	-		-		-	5,124,000		
Total Revenues	508,017,700	-	(100)	-	-	-	-	-	508,017,600		
Operations & Maintenance Transfers											
GLWA Regional System	182,456,000	1,453,400	-		-		1,923,900		185,833,300		
DWSD Local System	49,661,500		1,200,000	-		-		-	50,861,500		
Total Operations & Maintenance Transfers	232,117,500	1,453,400	1,200,000	-	-	-	1,923,900	-	236,694,800		
Pledged Revenue	\$ 275,900,200	\$ (1,453,400)	\$ (1,200,100)	\$ -	\$ -	\$ -	\$ (1,923,900)	\$ -	\$ 271,322,800		
Debt Service by Lien											
Senior Lien Bonds	\$ 153,735,500	\$(6,752,700)	\$ -	\$ -	\$ -	\$ -			\$ 146,982,800		
Second Lien Bonds	50,697,200	5,548,200	-	-	-	-			56,245,400		
Junior Lien Bonds	19,843,600	(191,300)	-	(40,900)	-	-	12,000		19,623,400		
Total Debt Service **	\$ 224,276,300	\$ (1,395,800)	\$ -	\$ (40,900)	\$ -	\$ -	\$ 12,000	\$ -	\$ 222,851,600		
Debt Service Coverage											
Senior Lien Bonds	1.79								1.85		
Senior and Second Lien Bonds	1.35								1.34		
All bonds, including SRF Junior Lien Bonds	1.23								1.22		

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for increased debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately calculate the debt service coverage.

** Total Debt Service, highlighted in dark grey in the above table, is adopted by the GLWA Board.

Table 2B- Debt Service Coverage Calculation – Sewer System- Appropriation Level

Sewer System Debt Service Coverage Calculation	FY 2026								
	Adopted Budget	Amendments							Amended Budget
		1st Quarter			2nd Quarter		3rd Quarter		
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System	
Revenues									
GLWA Revenues									
Wholesale Charges	\$ 300,316,800	\$ -			\$ -		\$ -		\$ 300,316,800
Local System Charges	215,324,400	-			-		-		215,324,400
Investment Earnings & Other Revenues	15,057,800	-			-		-		15,057,800
Total GLWA Revenues	530,699,000	-			-		-		530,699,000
Local System Revenues	90,218,500		(2,160,600)	-		-		-	88,057,900
Local System Miscellaneous Revenue	8,320,000		-	-		-		-	8,320,000
Total Revenues	629,237,500	-	(2,160,600)	-	-	-	-	-	627,076,900
Operations & Maintenance Transfers									
GLWA Regional System	236,098,700	1,453,300			-		1,010,400		238,562,400
DWSD Local System	61,426,900		(100)	-		-		-	61,426,800
Total Operations & Maintenance Transfers	297,525,600	1,453,300	(100)	-	-	-	1,010,400	-	299,989,200
Pledged Revenue	\$ 331,711,900	\$ (1,453,300)	\$ (2,160,500)	\$ -	\$ -	\$ -	\$ (1,010,400)	\$ -	\$ 327,087,700
Debt Service by Lien									
Senior Lien Bonds	\$ 158,579,500	\$ (4,318,500)	\$ -	\$ -	\$ -				\$ 154,261,000
Second Lien Bonds	56,447,200	144,000	-	-					56,591,200
Junior Lien Bonds	38,107,400	(436,200)	-	(90,600)				15,000	37,595,600
Total Debt Service **	\$ 253,134,100	\$ (4,610,700)	\$ -	\$ (90,600)	\$ -	\$ -	\$ -	\$ 15,000	\$ 248,447,800
Debt Service Coverage									
Senior Lien Bonds	2.09								2.12
Senior and Second Lien Bonds	1.54								1.55
All bonds, including SRF Junior Lien Bonds	1.31								1.32

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for increased debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately calculate the debt service coverage.

** Total Debt Service, highlighted in dark grey in the above table, is adopted by the GLWA Board.

Section 2 – Supplemental Information

Tables 2C and 2D are provided to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance flow of funds.

Table 2C – Water System Flow of Funds Basis

Water System Flow of Funds Basis	Adopted Budget	FY 2026 Amendments						Amended Budget
		1st Quarter		2nd Quarter		3rd Quarter		
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	
Revenues								
Regional System Revenues								
Wholesale Charges	\$ 365,646,100	\$ -			\$ -		\$ -	\$ 365,646,100
Charges to Local System	30,028,800	-			-		-	30,028,800
Total Regional System Wholesale Revenues	395,674,900	-			-		-	395,674,900
DWSD Local System Revenues - Detroit Customers	94,132,300		(100)	-		-		94,132,200
Local System Miscellaneous Revenue	5,124,000		-	-		-		5,124,000
Investment Earnings & Other Revenues (Regional System)	13,086,500	-	-		-		-	13,086,500
Total Revenues	\$ 508,017,700	\$ -	\$ (100)	\$ -	\$ -	\$ -	\$ -	\$ 508,017,600
Revenue Requirements								
Operations & Maintenance Expense								
Regional System	\$ 182,456,000	\$ 1,453,400			\$ -		\$ 1,923,900	\$ -
Local System	49,661,500		1,200,000	-		-		-
Less Shared Service Revenue	(1,177,500)		-			-		(1,177,500)
Net Local System O&M Transfer	48,484,000		1,200,000					49,684,000
Total Operations & Maintenance Expense	230,940,000	1,453,400	1,200,000	-	-	-	1,923,900	-
Nonoperating Requirements								
Allocable Debt Service								
Regional System	179,082,200	(1,395,800)			-		12,000	177,698,400
Local System	45,194,100		-	(40,900)			15,000	45,168,200
GRS Pension								
Regional System	2,730,800	-			-		-	2,730,800
Local System	1,928,400		-	-			-	1,928,400
WRAP Contribution								
Regional System	1,970,000	-			-		-	1,970,000
Local System	945,400		-	-			-	945,400
Regional System								
ER&R Fund Deposit	320,000	-			-		-	320,000
Working Capital Requirement	600,000	(600,000)			-		-	-
Lease Payment to Local System I&E Account	22,500,000	-			-		-	22,500,000
Reserve for Revenue Financed Capital from Net Revenues								
Regional System	19,102,400	542,400			-		(1,935,900)	17,708,900
Local System	2,704,400		(1,200,100)	40,900			(15,000)	1,530,200
Total Revenue Requirements	\$ 508,017,700	\$ -	\$ (100)	\$ -	\$ -	\$ -	\$ -	\$ 508,017,600

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for increased debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately calculate the debt service coverage.



Quarterly Budget Amendment Report
FY 2026 Ending March 31, 2026

Table 2D – Sewer System Flow of Funds Basis

Sewer System Flow of Funds Basis	Adopted Budget	Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System	Amended Budget
Revenues									
Regional System Revenues									
Wholesale Charges	\$ 300,316,800	\$ -			\$ -		\$ -	\$ -	\$ 300,316,800
Charges to Local System	215,324,400	-			-		-	-	215,324,400
Industrial Waste Control	9,150,300	-			-		-	-	9,150,300
Pollutant Surcharges	5,112,700	-			-		-	-	5,112,700
Total Regional System Wholesale Revenues	529,904,200	-			-		-	-	529,904,200
DWSD Local System Revenues - Detroit Customers	90,218,500		(2,160,600)	-		-		-	88,057,900
Local System Miscellaneous Revenue	8,320,000		-	-		-		-	8,320,000
Other Revenues & Investment Earnings (Regional System)	15,057,800	-			-		-	-	15,057,800
Total Revenues	\$ 643,500,500	\$ -	\$ (2,160,600)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 641,339,900
Revenue Requirements									
Operations & Maintenance Expense									
Regional System	\$ 236,098,700	\$ 1,453,300			\$ -		\$ 1,010,400	\$ -	\$ 238,562,400
Local System	61,426,900		(100)	-		-		-	61,426,800
Less Shared Service Revenue	(1,322,500)		-	-		-		-	(1,322,500)
Net Local System O&M Transfer	60,104,400		(100)	-		-		-	60,104,300
Total Operations & Maintenance Expense	296,203,100	1,453,300	(100)	-	-	-	1,010,400	-	298,666,700
Nonoperating Requirements									
Allocable Debt Service									
Regional System	220,884,500	(4,610,700)			-		-	-	216,273,800
Local System	32,249,600		-	(90,600)		-		-	32,159,000
GRS Pension									
Regional System	5,632,800	-			-		-	-	5,632,800
Local System	1,487,400		-	-		-		-	1,487,400
WRAP Contribution									
Regional System	2,638,500	-			-		-	-	2,638,500
Local System	1,433,200		(5,700)	-		-		-	1,427,500
Regional System									
ER&R Fund Deposit	-	-			-		-	-	-
Working Capital Requirement	-	-			-		-	-	-
Lease Payment to Local System I&E Account	27,500,000	-			-		-	-	27,500,000
Reserve for Revenue Financed Capital from Net Revenues									
Regional System	52,207,500	3,157,400			-		(1,010,400)	-	54,354,500
Local System	3,263,900		(2,154,800)	90,600		-	-	-	1,199,700
Total Revenue Requirements	\$ 643,500,500	\$ -	\$ (2,160,600)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 641,339,900

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for increased debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately calculate the debt service coverage.

Section 3 - Improvement & Extension Funds

Table 3A - Water System Improvement & Extension Fund - Appropriation Level

Water Improvement & Extension Fund	FY 2026					Activity Thru 12/31/2025
	Adopted Budget	Amendments			Amended Budget	
		1st Quarter	2nd Quarter	3rd Quarter		
Inflows						
Transfer from Water Operations Fund - Revenue Transfers	\$ 19,102,400	\$ 542,400	\$ -	\$ (1,935,900)	\$ 17,708,900	\$ 9,822,402
Grant Revenues & Capital Contributions	-	-	-	-	-	-
Investment Earnings (a)	4,868,800	-	-	-	4,868,800	2,951,373
Total Inflows	23,971,200	542,400	-	(1,935,900)	22,577,700	12,773,775
Outflows						
Capital Outlay	11,691,400	-	-	658,800	12,350,200	4,606,550
Transfer to Water Operations Fund - Investment Earnings (a)	4,868,800	-	-	-	4,868,800	2,162,493
Capital Improvement Plan funded by I&E	-	-	-	-	-	-
Transfer to Construction Fund- Revenue Financed Capital	9,250,000	(9,250,000)	-	-	-	-
Total Outflows	25,810,200	(9,250,000)	-	658,800	17,219,000	6,769,043
Net Increase (Use) of Reserves	(1,839,000)	9,792,400	-	(2,594,700)	5,358,700	6,004,732
Non-budgeted Inflows (Outflows)						
Unrealized gain on investments	-	-	-	-	-	149,201
Change in Net Position	(1,839,000)	9,792,400	-	(2,594,700)	5,358,700	6,153,933
Beginning Net Position	147,797,600				147,797,600	147,797,649
Projected Ending Net Position	\$ 145,958,600	\$ 9,792,400	\$ -	\$ (2,594,700)	\$ 153,156,300	\$ 153,951,582

a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

Table 3A Commentary - Water System Improvement & Extension Fund - Appropriation Level

Inflows

- *Transfers from Water Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2026 revenue requirement based upon general operating fund performance. (see Table 1A - Appropriation Level - Water System Revenue Requirement line item I&E Fund Transfer Pending).
- *Grant Revenues & Capital Contributions* - There is no change in the budget for this quarter related to grant funds.

- *Investment Earnings* – There is no proposed budget amendment for this quarter.

Outflows

- *Capital Outlay* – Increase of \$0.7 Million - Includes \$0.8 million for elevator renovations at Northeast and Springwells water treatment plants, \$0.7 million for Ovation and power supply upgrades to Springwells, Northeast and Lake Huron water treatment plants, \$0.3 million for other capital outlay items, and \$0.2 million related to share of centralized costs for building renovation and security upgrades. These are offset by a \$1.1 million decrease in pump station Ovation upgrades delayed and a \$0.2 million decrease due to a delay in laboratory improvements at NEWP.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.
- *Transfer to Construction Fund - Revenue Financed Capital* – No budget amendment is required. This line represents the target use of I&E funds for capital.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

Table 3B - Sewer System Improvement & Extension Fund - Appropriation Level

Sewer Improvement & Extension Fund	FY 2026					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
Inflows						
Transfer from Sewer Operations Fund - Revenue Transfers	\$ 52,207,500	\$ 3,157,400	\$ -	\$ (1,010,400)	\$ 54,354,500	\$ 27,682,452
Grant Revenues & Capital Contributions	-	-	-	-	-	-
Investment Earnings (a)	5,451,500	-	-	-	5,451,500	2,994,759
Total Inflows	57,659,000	3,157,400	-	(1,010,400)	59,806,000	30,677,211
Outflows						
Capital Outlay	11,779,500	-	-	(1,519,700)	10,259,800	2,823,534
Transfer to Sewer Operations Fund - Investment Earnings (a)	5,451,500	-	-	-	5,451,500	2,342,084
Capital Spending Other (net of ILAG)	-	-	-	-	-	341
Capital Improvement Plan funded by I&E	-	-	-	-	-	-
Transfer to Construction Fund- Revenue Financed Capital	26,250,000	9,750,000	-	-	36,000,000	-
Total Outflows	43,481,000	9,750,000	-	(1,519,700)	51,711,300	5,165,958
Net Increase (Use) of Reserves	14,178,000	(6,592,600)	-	509,300	8,094,700	25,511,253
Non-budgeted Inflows (Outflows)						
Unrealized gain on investments	-	-	-	-	-	171,901
Change in Net Position	14,178,000	(6,592,600)	-	509,300	8,094,700	25,683,154
Beginning Net Position	173,729,100				173,729,100	173,729,094
Projected Ending Net Position	\$ 187,907,100	\$ (6,592,600)	\$ -	\$ 509,300	\$ 181,823,800	\$ 199,412,248

(a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

Table 3B Commentary- Sewer System Improvement & Extension Fund - Appropriation Level

Inflows

- *Transfer from Sewer Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2026 revenue requirement based upon general operating fund performance. (see Table 1B - Appropriation Level - Sewer System Revenue Requirement line item I&E Fund Transfer Pending).
- *Grant Revenues & Capital Contributions* – There is no change in the budget for this quarter related to grant funds.
- *Investment Earnings* - There is no proposed budget amendment for this quarter.

Outflows

- *Capital Outlay* – Decrease of \$1.5 million – Includes increase of \$1.5 million for several network and Ovation upgrades moved forward from FY 2027 and FY 2028, increase \$1.1 million for elevator and other renovations at Conner pumping station not in original budget, \$0.6 million for various other replacement and improvements, and \$0.2 million related to share of centralized costs for building renovation and security upgrades. These are offset by a decrease of \$2.5 million for incinerator upgrades deferred to FY 2029 and other upgrades for the incineration process deferred to FY 2027; decrease of \$1.7 million for equipment replacement at the wastewater primary process deferred to FY 2027, and \$0.7 million for HVAC and exhaust fan replacements deferred to FY 2027.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents projects in the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt financing.
- *Transfer to Construction Fund - Revenue Financed Capital* – No budget amendment is required. This line represents the target use of I&E funds for capital.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

Section 4 – Construction Funds

Table 4A - Water System Construction Fund – Appropriation Level

Water Construction Fund	FY 2026					Activity Thru 12/31/2025
	Adopted Budget	Amendments			Amended Budget	
		1st Quarter	2nd Quarter	3rd Quarter		
Inflows						
Transfer from Water Improvement & Extension Fund	\$ 9,250,000	\$ (9,250,000)	\$ -	\$ -	\$ -	\$ -
Transfers in from Water Operations Fund						
Bond Proceeds	222,000,000	(20,000,000)	-	(44,000,000)	158,000,000	-
SRF loan proceeds	1,369,200	5,000,000	-	373,200	6,742,400	5,483,917
Grant Revenues & Capital Contributions	2,300,000	2,000,000	-	(2,102,900)	2,197,100	298,168
Investment Earnings	5,565,100	(2,000,000)	-	-	3,565,100	3,634,842
Total Inflows	240,484,300	(24,250,000)	-	(45,729,700)	170,504,600	9,416,927
Outflows						
Capital Program	185,000,000	-	-	(20,000,000)	165,000,000	52,073,429
Transfer to Water Operations Fund						
Bond Cost of Issuance	1,665,000	-	-	(480,000)	1,185,000	-
Total Outflows	186,665,000	-	-	(20,480,000)	166,185,000	52,073,429
Net Increase (Use) of Reserves	53,819,300	(24,250,000)	-	(25,249,700)	4,319,600	(42,656,502)
Beginning Net Position	270,178,200				270,178,200	270,178,152
Projected Ending Net Position	\$ 323,997,500	\$ (24,250,000)	\$ -	\$ (25,249,700)	\$ 274,497,800	\$ 227,521,650
CIP Plan						
Capital Improvement Plan	\$ 183,064,000			\$ 183,743,000	\$ 183,743,000	
Capital Spend Rate Adjustment	-			(22,049,160)	(22,049,160)	
Projected CIP	\$ 183,064,000			\$ 161,693,840	\$ 161,693,840	
Capital Spend Rate Assumption	100%			88%	88%	
Actual Capital Spend to Projected CIP Ratio						32%
CIP Financial Plan						
CIP Expenditures paid through Construction Fund	\$ 185,000,000	\$ -	\$ -	\$ (20,000,000)	\$ 165,000,000	\$ 52,073,429
CIP Expenditures paid through I&E Fund	-	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 185,000,000	\$ -	\$ -	\$ (20,000,000)	\$ 165,000,000	\$ 52,073,429
Actual Capital Spend to Amended Financial Plan Ratio						32%

Table 4A Commentary - Water System Construction Fund – Appropriation Level
Inflows

- *Transfers from Water Improvement & Extension Fund* - No budget amendment is required.

- *Bond Proceeds* – Amendment is based on current expected needs due to decrease in capital spend rate adjustment.
- *State Revolving Fund Loans* – Amendment is based on current activity. State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuate based on when project expenditures are incurred. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [October 2025 Audit Committee binder](#) which provides details related to the SRF funding and associated projects.
- *Grant Revenues & Capital Contributions* - The budget increase is related to anticipated grant funds and loan forgiveness through the State Revolving Fund.
- *Investment Earnings* - There is no proposed budget amendment for this quarter.

Outflows

- *Capital Program* - This has been adjusted for the change in the capital spend rate assumption.
- *Bond Cost of Issuance* – Adjusted due to change in bond proceeds noted above.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

CIP Plan

- *Capital Improvement Plan* – This first column of this line represents the original [CIP Plan approved by the Board for FY 2026](#). The change in the third quarter is to recognize the expected FY 2026 expenditures as published in the FY 2027 – FY 2031 Capital Improvement Plan approved by the Board in February 2026.
- *Capital Spend Rate Assumption* - 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. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The adjustment this quarter is to reflect the expected SRA based on current CIP activity and was done in alignment with the FY 2027 budget approved by the Board in February 2026

CIP Financial Plan

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP. The decrease in the third quarter is to reflect the change in the capital spend rate assumption.

Table 4B - Sewer System Construction Fund – Appropriation Level

Sewer Construction Fund	FY 2026					
	Adopted Budget	Amendments			Amended Budget	Activity Thru 12/31/2025
		1st Quarter	2nd Quarter	3rd Quarter		
Inflows						
Transfer from Sewer Improvement & Extension Fund	\$ 26,250,000	\$ 9,750,000	\$ -	\$ -	\$ 36,000,000	\$ -
Transfers in from Sewer Operations Fund						
Bond Proceeds	101,000,000	(75,000,000)	-	-	26,000,000	-
SRF loan proceeds	52,936,600	49,696,300	-	-	102,632,900	30,128,006
Grant Revenues & Capital Contributor	23,191,650	10,431,350	-	-	33,623,000	6,739,584
Investment Earnings	3,936,400	(1,825,150)	-	-	2,111,250	1,075,627
Total Inflows	207,314,650	(6,947,500)	-	-	200,367,150	37,943,217
Outflows						
Capital Program	175,000,000	65,000,000		-	240,000,000	112,113,182
Transfer to Sewer Operations Fund						
Bond Cost of Issuance	757,500	-		(562,500)	195,000	30
Total Outflows	175,757,500	65,000,000	-	(562,500)	240,195,000	112,113,213
Net Increase (Use) of Reserves	31,557,150	(71,947,500)	-	562,500	(39,827,850)	(74,169,995)
Beginning Net Position	149,360,300				149,360,300	149,360,302
Projected Ending Net Position	\$ 180,917,450	\$ (71,947,500)	\$ -	\$ 562,500	\$ 109,532,450	\$ 75,190,307
CIP Plan						
Capital Improvement Plan	\$ 193,221,000			\$ 262,279,000	\$ 262,279,000	
Capital Spend Rate Adjustment	(19,322,100)			(26,227,900)	(26,227,900)	
Projected CIP	\$ 173,898,900			\$ 236,051,100	\$ 236,051,100	
Capital Spend Rate Assumption	90%			90%	90%	
Actual Capital Spend to Projected CIP Ratio						47%
CIP Financial Plan						
CIP Expenditures paid through Construction Fund	\$ 175,000,000	\$ 65,000,000	\$ -	\$ -	\$ 240,000,000	\$ 112,113,182
CIP Expenditures paid through I&E Fund	-	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 175,000,000	\$ 65,000,000	\$ -	\$ -	\$ 240,000,000	\$ 112,113,182
Actual Capital Spend to Amended Financial Plan Ratio						47%

Table 4B Commentary - Sewer System Construction Fund – Appropriation Level

Inflows

- *Transfers from Sewer Improvement & Extension Fund* - No budget amendment is required.
- *Bond Proceeds* – There is no proposed budget amendment for this quarter.

- *State Revolving Fund Loans* - State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuate based on when project expenditures are incurred. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [October 2025 Audit Committee binder](#) which provides details related to the SRF funding and associated projects. There is no proposed budget amendment for this quarter.
- *Grant Revenues & Capital Contributions* - There is no proposed budget amendment for this quarter.
- *Investment Earnings* - There is no proposed budget amendment for this quarter.

Outflows

- *Capital Program* - There is no proposed budget amendment for this quarter.
- *Bond Cost of Issuance* - Adjusted due to change in bond proceeds noted in the first quarter.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

CIP Plan

- *Capital Improvement Plan* - This line represents the original [CIP Plan approved by the Board for FY 2026](#). The change in the third quarter is to recognize the expected FY 2026 expenditures as published in the FY 2027 – FY 2031 Capital Improvement Plan approved by the Board in February 2026.
- *Capital Spend Rate Assumption* - 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. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. There is no change in the SRA for this amendment.

CIP Financial Plan

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP.

Section 5 – Proposed Budget Amendment Resolution

Great Lakes Water Authority

Resolution 2026-114

Resolution Adopting the Budget Amendments through the Third Quarter of FY 2026

By Board Member:

WHEREAS The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the regional water and sewer systems on January 1, 2016 (the “Effective Date”) pursuant to Water System and Sewer System Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and

WHEREAS In accordance with the by-laws of the GLWA, further defined by its budget amendment policy, the Board shall amend the budget as needed based upon a quarterly report from the Chief Financial Officer; and

WHEREAS The GLWA Board adopted the FY 2026 budget on February 26, 2025, for the twelve-month fiscal year beginning July 1, 2025;

WHEREAS Following a review of the budget amendment report through the FY 2026 Third Quarter, the appropriations established with the adoption of the general operating budget for the water system and the sewer system are amended as shown in the table below;

General Operating Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Wholesale Customers	\$ 365,646,100	No Change	\$ 300,316,800	No Change
Less: Bad Debt	-	No Change	-	No Change
Charges to Local System	30,028,800	No Change	215,324,400	No Change
Industrial Waste Control	NA	NA	9,150,300	No Change
Pollutant Surcharges	NA	NA	5,112,700	No Change
Investment Earnings - Unrestricted	4,654,800	No Change	5,087,300	No Change
Investment Earnings - I&E Fund Unrestricted	4,868,800	No Change	5,451,500	No Change
Investment Earnings - Restricted for Debt Service	3,260,100	No Change	4,076,400	No Change
Other Revenue	302,800	No Change	442,600	No Change
Total Revenues	\$ 408,761,400	\$ 408,761,400	\$ 544,962,000	\$ 544,962,000
Revenue Requirements				
Operations & Maintenance Expense	\$ 182,456,000	\$ 185,833,300	\$ 236,098,700	\$ 238,562,400
Debt Service	179,082,200	\$ 177,698,400	220,884,500	\$ 216,273,800
General Retirement System Pension	2,730,800	No Change	5,632,800	No Change
Water Residential Assistance Program Contribution	1,970,000	No Change	2,638,500	No Change
Extraordinary Repair & Replacement Deposit	320,000	No Change	-	No Change
Regional System Lease	22,500,000	No Change	27,500,000	No Change
Working Capital Requirement	600,000	\$ -	-	No Change
Improvement & Extension Fund Transfer	19,102,400	\$ 17,708,900	52,207,500	\$ 54,354,500
Total Revenue Requirements	\$ 408,761,400	\$ 408,761,400	\$ 544,962,000	\$ 544,962,000

WHEREAS Following a review of the budget amendment report through the FY 2026 Third Quarter, the appropriations established with the adoption of the amounts necessary to pay the principal of and interest on all Regional bonds and to restore any reserves therefore established in the Master Bond Ordinance for the water system and the sewer system are amended as shown in the table below;

Debt Service Coverage Calculation Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Debt Service by Lien				
Senior Lien Bonds	\$ 153,735,500	\$ 146,982,800	\$ 158,579,500	\$ 154,261,000
Second Lien Bonds	50,697,200	56,245,400	56,447,200	56,591,200
SRF Junior Lien Bonds	19,843,600	19,623,400	38,107,400	37,595,600
Total Debt Service	\$ 224,276,300	\$ 222,851,600	\$ 253,134,100	\$ 248,447,800

WHEREAS Following a review of the budget amendment report through the FY 2026 Third Quarter, the appropriations established with the adoption of the improvement and extension fund budget for the water system and the sewer system are amended as shown in the table below;

Improvement & Extension Fund Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Inflows				
Transfers In from Operating	\$ 19,102,400	\$ 17,708,900	\$ 52,207,500	\$ 54,354,500
Grant Revenues & Capital Contributions	-	No Change	-	No Change
Investment Earnings	4,868,800	No Change	5,451,500	No Change
Total Inflows	23,971,200	22,577,700	57,659,000	59,806,000
Outflows				
Capital Outlay	11,691,400	12,350,200	11,779,500	10,259,800
Transfer out Investment Earnings	4,868,800	No Change	5,451,500	No Change
Capital Improvement Plan funded by I&E	-	No Change	-	No Change
Transfer out Revenue Financed Capital	9,250,000	-	26,250,000	36,000,000
Total Outflows	25,810,200	17,219,000	43,481,000	51,711,300
Net Increase (Use) of Reserves	\$ (1,839,000)	\$ 5,358,700	\$ 14,178,000	\$ 8,094,700

WHEREAS Following a review of the budget amendment report through the FY 2026 Third Quarter, the appropriations established with the adoption of the construction fund budget for the water system and the sewer system are amended as shown in the table below;

Construction Fund Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Inflows				
Transfer from Improvement & Extension Fund	\$ 9,250,000	\$ -	\$ 26,250,000	\$ 36,000,000
Bond Proceeds	222,000,000	158,000,000	101,000,000	26,000,000
SRF loan proceeds	1,369,200	6,742,400	52,936,600	102,632,900
Grant Revenues & Capital Contributions	2,300,000	2,197,100	23,191,650	33,623,000
Investment Earnings	5,565,100	3,565,100	3,936,400	2,111,250
Total Inflows	\$ 240,484,300	\$ 170,504,600	\$ 207,314,650	\$ 200,367,150
Outflows				
Capital Program	185,000,000	165,000,000	175,000,000	240,000,000
Bond Cost of Issuance	1,665,000	1,185,000	757,500	195,000
Total Outflows	\$ 186,665,000	\$ 166,185,000	\$ 175,757,500	\$ 240,195,000
Net (Use) Increase of Reserves	53,819,300	4,319,600	31,557,150	(39,827,850)
<i>Capital Spend Rate Assumption</i>	100%	88%	90%	No Change

WHEREAS The GLWA Audit Committee reviewed the budget amendments at its meeting on March 27, 2026; and

WHEREAS An affirmative vote of five Board Members is necessary for the adoption of this Resolution,

NOW THEREFORE BE IT:

RESOLVED That the GLWA Board approves the FY 2026 Third Quarter Budget Amendments; and be it finally

RESOLVED That the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this resolution.



Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Haran Stanley, Affordability & Assistance Manager

Re: FY 2027 Water Residential Assistance Program (WRAP) Funding Allocation Authorization and Related Service Delivery Partner Contract Amendments

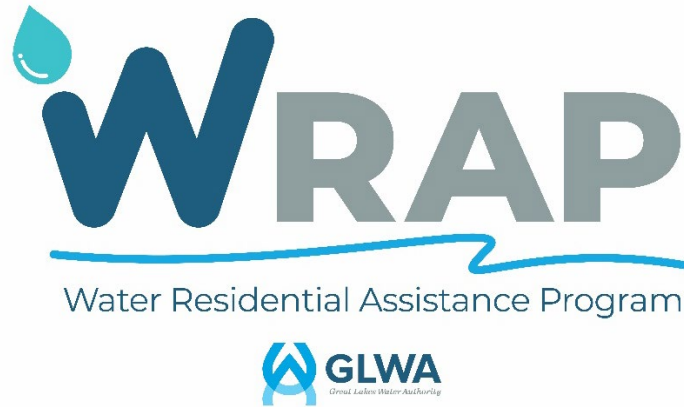
Background & Analysis: The following documents included with this memo provide detailed context for this agenda item.

1. Draft Great Lakes Water Authority (GLWA) Board letter
2. FY 2027 Proposed Contract Alignment
3. WRAP Funding Report

Proposed Action: The GLWA Audit Committee recommends that the Great Lakes Water Authority Board of Directors approve the WRAP Service Delivery Partner Funding Authorization for FY 2027 and related contract amendments with each of the Water Residential Assistance Program (WRAP) service delivery partners totaling \$7,290,700 as presented in the FY 2027 WRAP Funding Report, with the following allocation:

- a. For Area 1 – City of Detroit, a regional allocation of \$1,316,700 and a local allocation of \$2,461,200 for a total of \$3,777,900 to be administered by a service provider that will be requested by the Detroit Water & Sewerage Department (DWSD) at a later date;
- b. For Area 2 – City of Flint, a regional allocation of \$33,500 to be administered by Genesee County Community Action Resource Department;
- c. For Area 3 – Wayne (Not Including Detroit) and Monroe Counties, a regional allocation of \$1,189,100 to be administered by Wayne Metropolitan Community Action Agency;
- d. For Area 4 – Oakland County, a regional allocation of \$1,307,100 to be administered by United Way for Southeastern Michigan;
- e. For Area 5 – Macomb, St. Clair, and Lapeer Counties, a regional allocation of \$915,900 to be administered by Macomb Community Action;

- f. For Area 6 – Washtenaw County, a regional allocation of \$67,200 to be administered by United Way for Southeastern Michigan.



FY 2027

Water Residential Assistance Program (WRAP)

Funding Report

Presented to the Audit Committee

March 27, 2026

Background

The Water Residential Assistance Program, or WRAP, provides assistance to eligible households with a low-income that receive water and/or sewer service from Great Lakes Water Authority (GLWA) member partner communities. Households can receive help paying down past-due balances and assistance with water and sewer bill payments for up to two years. Eligible seniors and permanently disabled persons can obtain bill credit assistance without an expiration date. Participants may also receive conservation assistance and minor plumbing repairs. GLWA partners 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) as service delivery partners that provide WRAP services to residents.

The annual WRAP budget is calculated at one-half of one percent (0.5%) of the regional system operating revenue as authorized in GLWA's founding documents. In addition, the City of Detroit is authorized to include an additional 1% in the local Detroit Water & Sewerage Department (DWSD) budget based on its operating revenue budget. This amount is included in the rates for the local DWSD system only.

The WRAP program funding is allocated among three categories of expense for areas outside the City of Detroit: direct assistance (including income-based plan (IBP) payment assistance and arrearage assistance), conservation (including healthy home initiatives and home repairs), and program administration. The percentage of funds allocated to program administration by the service delivery partners is based on contractual agreements and can vary from 15% to 18%. After the administration costs are deducted from the budget, the remaining funds are allocated at 80% to direct assistance and 20% to conservation. Within the City of Detroit, the allocated WRAP regional and local funding supports DWSD's Lifeline H2O Program. DWSD determines the allocation among the expense categories.

The Great Lakes Water Authority WRAP Policy and more information about the program can be found at the following links.

[Water Residential Assistance Program Policy - GLWA \(glwater.org\)](https://www.glwwater.org/wrap-policy)

[Assistance - GLWA \(glwater.org\)](https://www.glwwater.org/wrap-assistance)

Budget Process

At the February 25, 2026, meeting, the GLWA Board of Directors approved the organization's Fiscal Year 2027 and FY 2028 biennial budget, as well as the corresponding FY 2027 water and wastewater service charges for its member partner communities.

With the budget now approved for FY 2027, the Affordability & Assistance team has prepared the FY 2027 WRAP budget and allocations by county and service delivery partner (SDP). These allocations then support annual contract amendments for the four WRAP SDPs: Genesee County Community Action Resource Department (Area 2), Wayne Metropolitan Community Agency (Area 3), United Way for Southeastern Michigan (Area 4 & Area 6), and Macomb

Community Action (Area 5). The Detroit Water & Sewerage Department holds a separate contract with a third-party administrator for the City of Detroit (Area 1) service, and at the time of this report, the third-party administrator for FY 2027 has not been identified.

There are two elements to the contract amendments. The first is the total allocation for each service area. The second is the allocation among the three categories of expense. Those categories are direct payment assistance (including income-based plan (IBP) payment assistance and arrearage assistance), conservation, and program administration costs.

Purpose of this Report

The purpose of this report is to present the upcoming FY 2027 WRAP budget for internal and external stakeholders, as well as to confirm the funding by service area for each service delivery partner.

- ✓ **Area 1** - City of Detroit – **Service Delivery Partner to be identified by DWSD at a future date**
- ✓ **Area 2** - City of Flint – **Genesee County Community Action Resource Department**
- ✓ **Area 3** - Wayne (not including Detroit) and Monroe Counties – **Wayne Metro Community Action Agency**
- ✓ **Area 4** - Oakland County – **United Way for Southeastern Michigan**
- ✓ **Area 5** - Macomb, St. Clair, and Lapeer Counties – **Macomb Community Action**
- ✓ **Area 6** - Washtenaw County – **United Way for Southeastern Michigan**

The tables below detail WRAP funding by service area and expense category. A comparison of current fiscal year funding to prior fiscal year funding has also been included. The Affordability & Assistance team will use the information in these tables to complete the annual service delivery partner contract amendments necessary to support WRAP services for FY 2027.

Questions?

Please contact us at wrap@glwater.org

Table 1 below summarizes the regional and local funding by service area for FY 2027.

Table 1: FY 2027 WRAP Funding Allocation

	Regional Allocation Percentage	Regional Funding	Local Funding	Total Funding
Area 1 (City of Detroit)	27.26%	\$1,316,700	\$2,461,200	\$3,777,900
Area 2 (City of Flint)	0.69%	33,500		33,500
Area 3 (Wayne* and Monroe Counties)	24.62%	1,189,100		1,189,100
Area 4 (Oakland County)	27.06%	1,307,100		1,307,100
Area 5 (Macomb, Lapeer, St. Clair Counties)	18.96%	915,900		915,900
Area 6 (Washtenaw County)	1.39%	67,200		67,200
Total	100.00%	\$4,829,500	\$2,461,200	\$7,290,700

*Wayne County not including City of Detroit

Table 2 below summarizes WRAP funding for FY 2027 by service area, service delivery partner and expense category.

Table 2: FY 2027 WRAP Funding Allocation By Expense Category

	Service Delivery Partner	Direct Assistance	Conservation Assistance	Administration Cost	Total Allocation
Area 1 (City of Detroit - Regional & Local)*	TBD	N/A	N/A	N/A	\$3,777,900
Area 2 (City of Flint)	GCCARD	\$22,780	\$5,695	\$5,025	\$33,500
Area 3 (Wayne** and Monroe Counties)		808,588	202,147	178,365	1,189,100
Wayne County	Wayne Metro	801,448	200,362	176,790	1,178,600
Monroe County		7,140	1,785	1,575	10,500
Area 4 (Oakland County)	United Way	888,828	222,207	196,065	1,307,100
Area 5 (Macomb, Lapeer, St. Clair Counties)		600,830	150,208	164,862	915,900
Macomb County	MCA	579,248	144,812	158,940	883,000
Lapeer County		7,413	1,853	2,034	11,300
St. Clair County		14,170	3,542	3,888	21,600
Area 6 (Washtenaw County)	United Way	45,696	11,424	10,080	67,200
Total		\$2,366,722	\$591,681	\$554,397	\$7,290,700

* DWSD determines expense category allocations for Lifeline H2O Program

**Wayne County not including City of Detroit

Table 3 below compares FY 2027 WRAP funding by service area to FY 2026. WRAP regional funding is calculated as .05% of revenue. The year over year changes by area for the WRAP funding moves in line with the year over year changes in charge adjustments. Area 2 (City of Flint) has a larger percentage change as a result of the decreasing KWA credit for Genessee County which increases their net wholesale revenue.

Table 3: FY 2027 WRAP Regional Allocation - Current Year vs Prior Year

	FY 2027	FY 2026	Year over Year Change \$	Year over Year Change %
Area 1 (City of Detroit - Regional Only)	1,316,700	\$1,251,200	\$65,500	5.23%
Area 2 (City of Flint)	33,500	27,000	6,500	24.07%
Area 3 (Wayne* and Monroe Counties)	1,189,100	1,144,000	45,100	3.94%
Area 4 (Oakland County)	1,307,100	1,250,000	57,100	4.57%
Area 5 (Macomb, Lapeer, St. Clair Counties)	915,900	872,600	43,300	4.96%
Area 6 (Washtenaw County)	67,200	63,700	3,500	5.49%
Total	4,829,500	\$4,608,500	\$221,000	4.80%

*Wayne County not including City of Detroit

..Title

FY 2027 Water Residential Assistance Program (WRAP) Funding Allocation Authorization and Related Service Delivery Partner Contract Amendments

..Body

Agenda of: April 22, 2026

Item No.: 2026-115

Amount: \$7,290,700

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: April 22, 2026

RE: FY 2027 Water Residential Assistance Program (WRAP) Funding Allocation Authorization and Related Service Delivery Partner Contract Amendments

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer\Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves a contract amendment with each of the Water Residential Assistance Program (WRAP) service delivery partners totaling \$7,290,700 as presented in the FY 2027 WRAP Funding Report, with the following allocation:**

- a. **For Area 1 – City of Detroit, a regional allocation of \$1,316,700 and a local allocation of \$2,461,200 for a total of \$3,777,900 to be administered by a service provider that will be announced at a later date;**

- b. For Area 2 – City of Flint, a regional allocation of \$33,500 to be administered by Genesee County Community Action Resource Department;
- c. For Area 3 – Wayne (Not Including Detroit) and Monroe Counties, a regional allocation of \$1,189,100 to be administered by Wayne Metropolitan Community Action Agency;
- d. For Area 4 – Oakland County, a regional allocation of \$1,307,100 to be administered by United Way for Southeastern Michigan;
- e. For Area 5 – Macomb, St. Clair, and Lapeer Counties, a regional allocation of \$915,900 to be administered by Macomb Community Action;
- f. For Area 6 – Washtenaw County, a regional allocation of \$67,200 to be administered by United Way for Southeastern Michigan.

and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

Upon the approval of the Great Lakes Water Authority (GLWA) FY 2027 & FY 2028 Biennial Budget and FY 2027 charges by the Board of Directors, GLWA staff prepares an allocation of Water Residential Assistance Program funding by service area. GLWA Service Delivery Partner contracts are in place; however, the dollar amount of that contract is updated each year with the new WRAP funding amount based upon the approved budget. This report serves as a request for authorization to allocate FY 2027 WRAP funding by service area and a request to amend the contracts for those amounts accordingly.

WRAP regional and local funds from Area 1 are used as a funding source for the Detroit Water and Sewer Department (DWSD) Lifeline H2O program. At the time of this report, DWSD has not identified a third-party administrator for FY 2027. GLWA will establish a contract with the service delivery partner once they have been identified.

JUSTIFICATION

The annual WRAP budget is calculated at one-half of one percent (0.5%) of the regional system operating revenue as authorized in GLWA's founding documents. Funding WRAP is a condition precedent to the establishment of authority and continues as required as part of the approved annual budget adopted by the GLWA Board of Directors.

In addition, DWSD provides funding to WRAP based on 1% of its operating revenue budget. This local funding is allocated only to Area 1 – City of Detroit.

The attached “FY 2027 Water Residential Assistance Program (WRAP) Funding Report” provides further background, analysis, and calculations to support the WRAP annual budget and allocation of funding among service delivery partners and areas for FY 2027. Attachment 1 included with this Board letter summarizes those allocations as requested in the proposed resolution.

BUDGET IMPACT

The GLWA Board of Directors approved the FY 2027 & FY 2028 biennial budget on February 25, 2026. The WRAP allocations were included as part of the approved budget.

COMMITTEE REVIEW

This matter was reviewed by the Audit Committee at its meeting on March 27, 2026. The Audit Committee [*insert action taken*] that the Great Lakes Water Authority Board of Directors approve the WRAP Service Delivery Partner Funding Authorization for FY 2027 and related contract amendments, and authorizes the 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.

Attachment 1

Table 1 - FY 2027 Proposed Contract Alignment

WRAP Service Area	Contract Total
Area 1: City of Detroit	
Service Delivery Partner TBD	
Local	\$ 1,316,700
Regional	2,461,200
Area 1 Total	\$ 3,777,900
Area 2: City of Flint	
Genesee County Community Action Resource Department	33,500
Area 3: Wayne County (not including Detroit) and Monroe County	
Wayne Metro	1,189,100
Area 4: Oakland County	
United Way for Southeastern Michigan	1,307,100
Area 5: Macomb, Lapeer, and St. Clair Counties	
Macomb Community Action	915,900
Area 6: Washtenaw County	
United Way for Southeastern Michigan	67,200
TOTAL	\$ 7,290,700



Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

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

Re: CFO Report

One Water Partnership Meeting

On March 12, 2026, I had the honor of speaking at the One Water Partnership Meeting to present the approved budget and charges. This presentation was also designed to spark ideas within the region as it relates to communications about affordability and infrastructure needs. Michelle Zdrodowski, Chief Public Affairs Officer, joined me in a follow-up session where we provided specific communication examples and facilitated table discussions. A common feedback theme was focusing on the cost of service and education around the services we provide. The accompanying presentations are attached.

Charges Outreach & Modeling Team Report

February saw the wrap-up of the FY 2027 Charges rollout process. After holding public hearings on February 25, 2026, the GLWA Board of Directors approved the FY 2027 & FY 2028 Biennial Budget and FY 2027 Schedule of Service Charges. Soon after the team distributed final calculation worksheets to Member Partners. Willdan is presently working on the final cost of service study.

Charges Outreach and Modeling Manager Matt Lane serves as a member of the GLWA contract reopener team with a focus on calculating max day and peak hour demands. The team met with 12 Member Partners in February 2026 and will continue meetings each month through September 2026.

Additionally, GLWA Charges Outreach & Modeling team, along with Willdan Financial Services, hosted a virtual Member Partner event on March 4, 2026. Erik Johnson, Principal Consultant with Willdan, led the virtual local rate-setting workshop for our Member Partners specifically focused on local retail rates.

CFO Services Engages in Michigan Government Finance Officers Association (MGFOA) Spring Seminar

In early March, FSA team members Michelle Burt, Gerri Williams, Joshua Steinhebel and Gregory Bolterman attended the annual Michigan Government Finance Officers Association (MGFOA) Spring Seminar on March 6, 2026. GLWA Billing & Collections Manager Michelle

Burt is a member of the MGFOA Membership & Wellness Committee and currently serves as Secretary on the Mentorship Subcommittee.

The seminar featured core sessions that provided legislative updates, an economic outlook and Governmental Accounting Standard Board (GASB) accounting guidance. This year's seminar also included breakout sessions on the municipal bond market and arbitrage implications related to municipal bond activity and highlighted two Michigan communities that transformed complex finance challenges into award-winning 2025 case studies presented at the National Government Finance Officers Association annual conference.

Training and Continuing Education for Workday

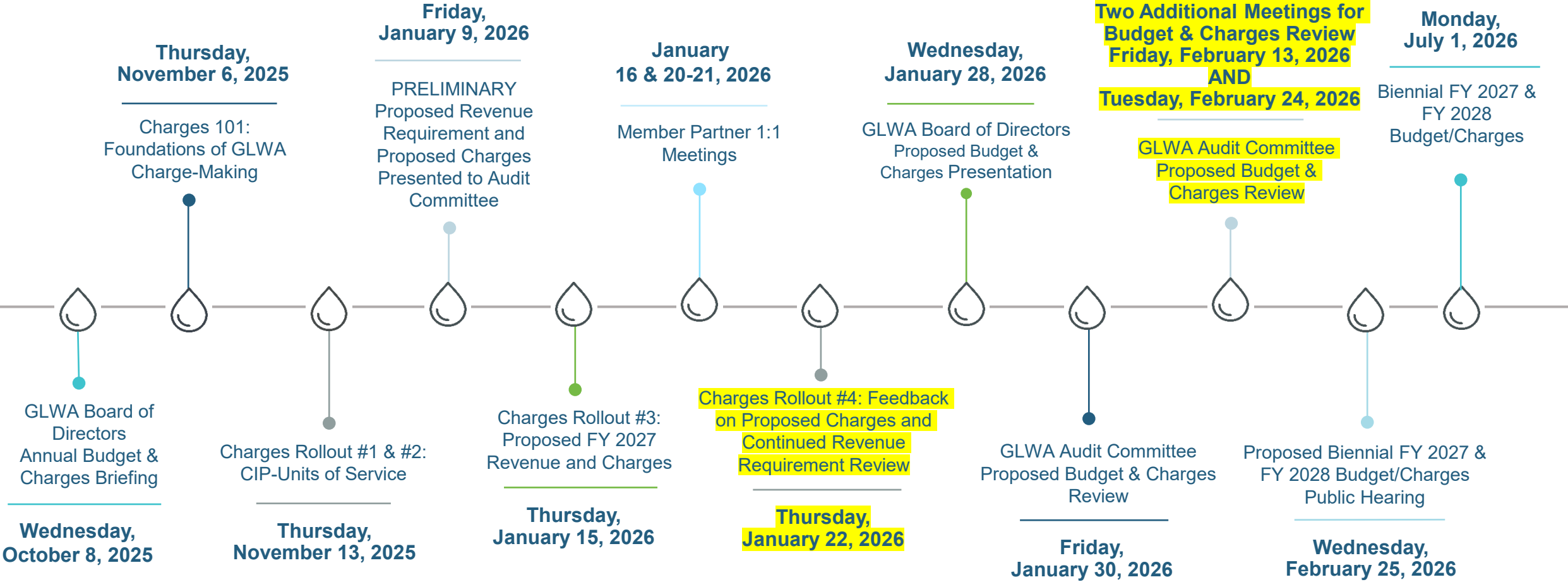
The Accounts Payable Team, led by Management Professionals Kendra Taylor and Theresa Turner along with Accounts Payable Manager, Dionna Wilson hosted an in-person Workday training session for administrative team members in February. The session provided a comprehensive dive into expense reporting, as well as an introduction to new features and updates. Additionally, the training session provided an opportunity for participants to get answers to their most frequently asked questions.



Approved Budget & Charges

One Partnership Meeting
March 12, 2026

Budget & Charges Activity Since Rollout #4



Budget Presentations & Review Sessions

- ◆ During the course of January 2026 through February 24, 2026, many budget and charges scenarios have been evaluated
- ◆ The goal was to achieve a lower charge increase
- ◆ Scenario D
 - ◆ Reduction of nearly \$13 million original proposed budget and charges
 - ◆ Approximately \$4 million for water and \$9 million for sewer
 - ◆ Reduced the wholesale average system charge adjustment
 - ◆ Water system – from 6.83% to 5.8% (*reduction of 1.03%*)
 - ◆ Sewer system – from 5.98% to 4.26% (*reduction of 1.72%*)
- ◆ Reviewed by the Audit Committee on February 24, 2026

Board Action: Scenario D

Leverages anticipated refunding savings and slows down capital program funding to ease affordability concerns.

Water System	Charge Percentage	Estimated \$ Reduction (millions)	Sewer System	Charge Percentage	Estimated \$ Reduction (millions)
Average System Charge Adjustment			Average System Charge Adjustment		
1) As proposed January 9, 2026 "A"	6.83%		1) As proposed January 9, 2026 "A"	5.98%	
2) Align budget with forecasted debt savings "B"	-0.93%	\$ (3,653)	2) Align budget with forecasted debt savings "B"	-1.08%	\$ (5,571)
Revised Average System Charge Adjustment "B"	5.90%		Revised Average System Charge Adjustment "B"	4.90%	
3) Audit Committee Review February 13, 2026 "C"	-0.40%	(1,587)	3) Audit Committee Review February 13, 2026 "C"	-0.40%	(2,068)
Revised Average System Charge Adjustment "C"	5.50%	(5,240)	Revised Average System Charge Adjustment "C"	4.50%	(7,639)
4) Prioritize Water System February 20, 2026 "D"	0.30%	1,172	4) Requested Realignment February 20, 2026 "D"	-0.23%	(1,168)
Total Average System Charge Adjustment	5.80%	\$ (4,068)	Total Average System Charge Adjustment	4.27%	\$ (8,807)
Net Decrease in Water Charge Adjustment (A to D)		-1.03%	Net Decrease in Sewer Charge Adjustment		-1.71%

Total Systemwide Estimated Dollar Reduction in Charges \$12.875 million

(\$4.068 million water and \$8.807 million sewer)

FY 2027 Charges Metrics

Water Supply System

- ◆ Revenue Requirements (Total Budget) Adjustment: 4.40%
- ◆ Revenues from Charges (Charges Budget): 5.52%
- ◆ Wholesale Average Charge Adjustment: 5.44%
- ◆ *Average System Charge Adjustment: 5.80%*

Sewage Disposal System

- ◆ Revenue Requirements (Total Budget) Adjustment : 3.34%
- ◆ Revenues from Charges (Charges Budget): 4.21%
- ◆ Wholesale Average Charge Adjustment: 4.00%
- ◆ *Average System Charge Adjustment: 4.26%*

Definitions of the above terms on the next page.

Average System Charge Adjustments		
Year	Water	Sewer
2018	1.80%	-0.70%
2019	1.80%	0.10%
2020	0.60%	0.80%
2021	3.20%	2.00%
2022	1.50%	-0.60%
2023	3.70%	2.40%
2024	2.75%	2.75%
2025	3.25%	3.00%
2026	5.90%	4.50%
2027 Proposed	5.80%	4.26%
10-Year Average	3.03%	1.85%

Budget vs. Charges Increase

- While the budget increase is 4.40% for the water system; the average system charge adjustment is 5.80%
- Similarly, the budget increase for the sewer system is 3.34% while the average system charge adjustment is 4.26%

FY2027 Proposed Charges		
Category	Water Supply	Sewage Disposal
Revenue Requirements (Total Budget) Adjustment:	4.40%	3.34%
Revenues from Charges (Charges Budget):	5.52%	4.21%
Wholesale Average Charge Adjustment:	5.44%	4.00%
Average System Charge Adjustment: ★	5.80%	4.26%

- The **charge** revenue increase is higher than the **budget** increase because there is a greater reliance on charges for FY 2027 due to decreased investment earnings
 - Note: the rate of return on public investment portfolios, like GLWA's, are down as a result of federal rate cuts

★ The "average system charge adjustment" is the most quoted percentage when discussing charges

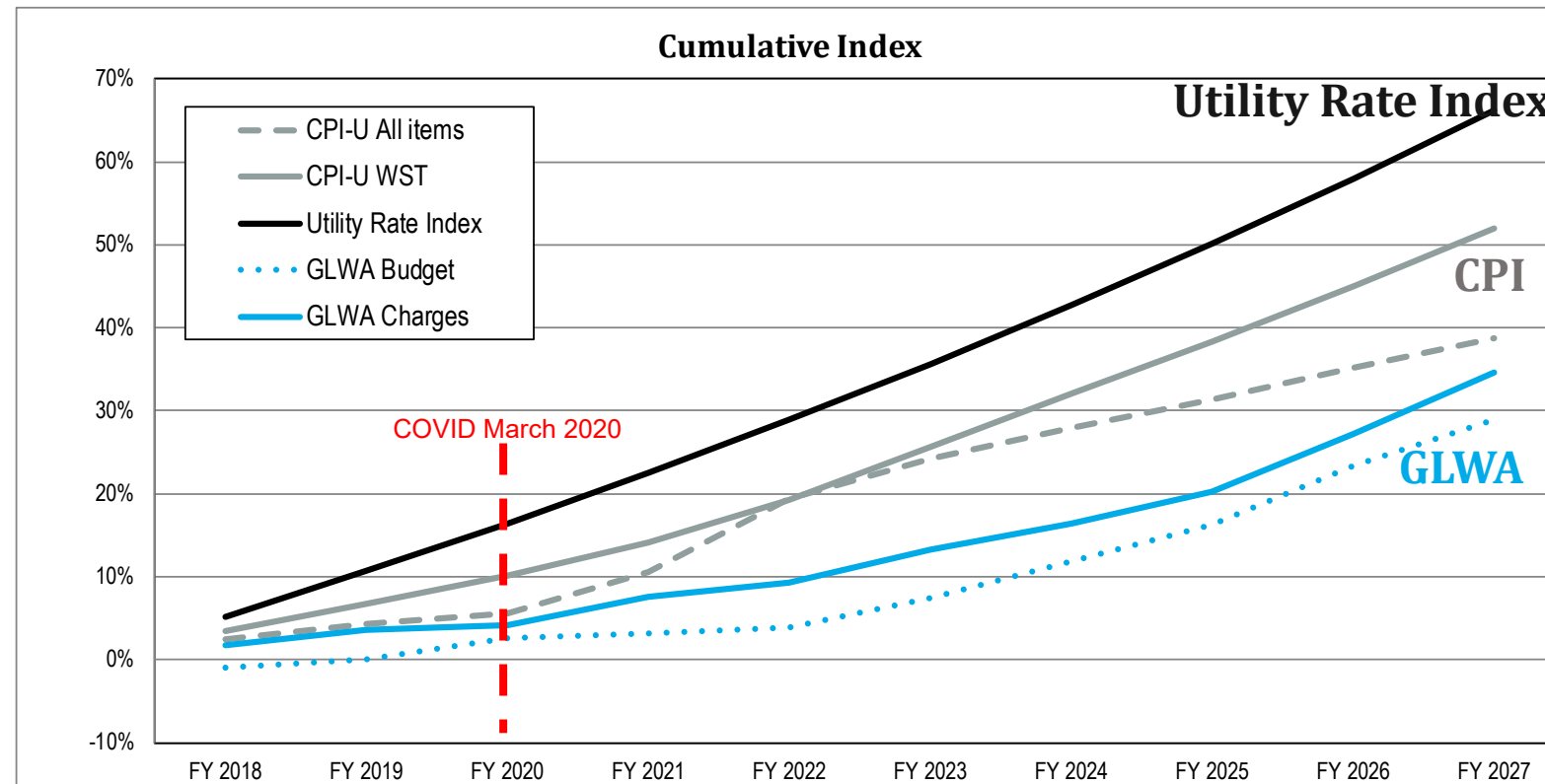
Charge Adjustment Definitions (Prior Slides)

- ◆ Revenue Requirements (Total Budget) Adjustment: This is the increase in the overall total budget including all line items of revenues and financial commitments.
- ◆ Revenues from Charges (Charges Revenue): This represents the year over year dollar amount increase, shown as a percentage, in “Charges Revenues” as shown in the balanced budget document.
 - ◆ For FY 2027, there is less investment revenue, so as a percentage, the increase in charges is higher than the total budget increase.
- ◆ Average System Charge Adjustment: This is the simple average of each Member Partners charge adjustment
 - ◆ Some Member Partners were close to the average, some had higher increases, and some had decreases
- ◆ Wholesale Average Charge Adjustment: This is the simple average of each Member Partner excluding the local system charge for DWSD

Water CPI Comparison-Cumulative Change

Cumulative Historical "Water System Budget & Charge" Adjustments

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Average Annual
(a) CPI-U All items	2.4%	4.3%	5.6%	10.5%	19.4%	24.3%	28.0%	31.3%	35.1%	38.8%	3.3%
(b) CPI-U WST	3.5%	6.8%	10.2%	14.1%	19.2%	25.7%	32.0%	38.3%	45.0%	51.9%	4.3%
(c) Utility Rate Index	5.2%	10.7%	16.5%	22.5%	28.9%	35.6%	42.7%	50.1%	57.9%	66.2%	5.2%
GLWA Budget	-0.9%	0.1%	2.6%	3.1%	3.9%	7.5%	11.8%	16.3%	23.4%	28.9%	2.6%
GLWA Charges	1.8%	3.6%	4.2%	7.6%	9.3%	13.3%	16.4%	20.2%	27.3%	34.7%	3.0%



- 💧 Budget and Charges below CPI and Utility Rate Index for 10+ years
- 💧 Adjustments trailed far behind economic realities of COVID era cost increases

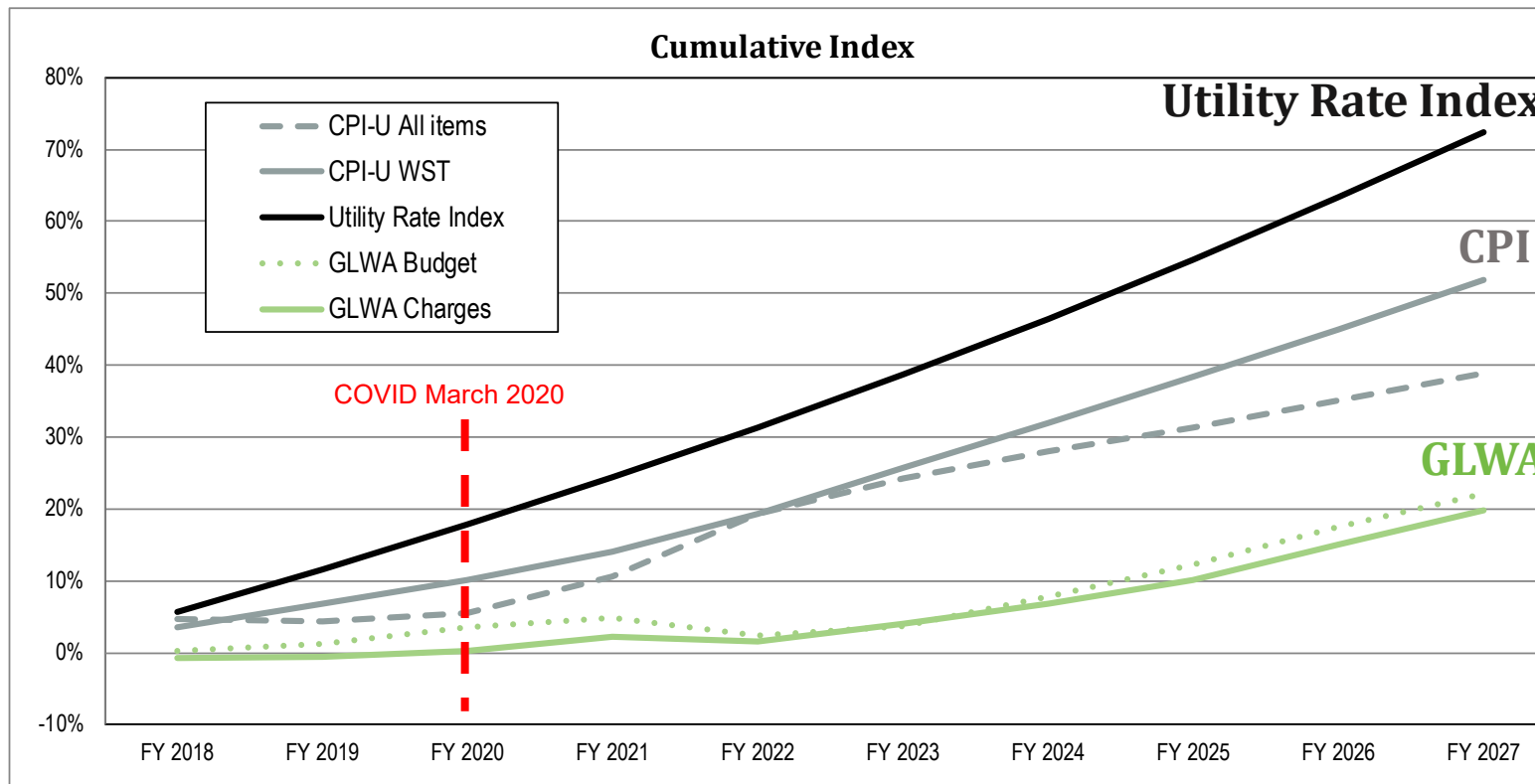
Data Sources:

- FY 2018 - FY 2025 Bureau of Labor Statistics, CPI-U, All items in U.S. city average, all urban consumers, not seasonally adjusted (calendar year). FY 2026 and FY 2027 estimated based on Public Sector Consultants Economic Task Force Update presented to the Audit Committee on December 19, 2025
- Bureau of Labor Statistics, CPI-U, Water and sewer and trash collection services in U.S. city average, all urban consumers, not seasonally adjusted (calendar year), FY 2026 and FY 2027 based on FY 2025
- Black & Veatch 2024 50 Largest Cities Rate Survey Average rate of change water bills 2001-2024. The average was used for all years.

Sewer CPI Comparison-Cumulative Change

Cumulative Historical "Sewage Disposal System Budget & Charge" Adjustments

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Average Annual
(a) CPI-U All items	4.6%	4.3%	5.6%	10.5%	19.4%	24.3%	28.0%	31.3%	35.1%	38.8%	3.3%
(b) CPI-U WST	3.5%	6.8%	10.2%	14.1%	19.2%	25.7%	32.0%	38.3%	45.0%	51.9%	4.3%
(c) Utility Rate Index	5.6%	11.5%	17.8%	24.4%	31.3%	38.7%	46.4%	54.6%	63.3%	72.4%	5.6%
GLWA Budget	0.3%	1.3%	3.6%	4.9%	2.4%	3.7%	7.9%	12.2%	17.5%	22.1%	2.0%
GLWA Charges	-0.7%	-0.6%	0.2%	2.2%	1.6%	4.0%	6.8%	10.0%	15.0%	19.9%	1.8%



- 💧 Budget and Charges below CPI and Utility Rate Index for 10+ years
- 💧 Adjustments trailed far behind economic realities of COVID era cost increases


Data Sources:

- FY 2018 - FY 2025 Bureau of Labor Statistics, CPI-U, All items in U.S. city average, all urban consumers, not seasonally adjusted (calendar year). FY 2026 and FY 2027 estimated based on Public Sector Consultants Economic Task Force Update presented to the Audit Committee on December 19, 2025
- Bureau of Labor Statistics, CPI-U, Water and sewer and trash collection services in U.S. city average, all urban consumers, not seasonally adjusted (calendar year), FY 2026 and FY 2027 based on FY 2025
- Black & Veatch 2024 50 Largest Cities Rate Survey Average rate of change water bills 2001-2024. The average was used for all years.

What is the Impact to the 10 Year Plan?

- 💧 Sewer System, for now, is within acceptable range
- 💧 Water System financial resiliency needs to be a top priority
 - 💧 Reduced Charges Today = Greater Long-term Cost Tomorrow
 - 💧 Intent of financial plan was to smooth out increases – a best practice
 - 💧 Proactive, specific plans are in place – need funding to put into meaningful action
 - 💧 GLWA established with financial measure (4% Promise); no capital/operational measure
 - 💧 Water System now at 100% debt financing- which was not the objective when GLWA was established
 - 💧 More charge revenues will be spent on interest expense versus capital needs
 - 💧 Key financial metrics to *maintain* credit rating are slim
 - 💧 2 of 3 rating agencies have water system in AA category; one is lower single A category
 - 💧 This year brings serious – and growing – infrastructure funding gap

Schedule 5A - Five Year Plan– Water Construction Fund

Water Construction Fund	Actual	Adopted Budget	Projected	Proposed Budget		Projected		
	FY 2025	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Inflows								
Transfers in from Water I&E Fund								
Revenue Financed Capital	\$ 171,562	\$ 9,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in from Water Operations Fund								
Bond Proceeds	231,833,814	222,000,000	158,000,000	243,000,000	228,000,000	188,000,000	82,000,000	150,000,000
State Revolving Loans	56,270,485	1,369,200	6,742,400	-	-	-	-	-
Grants and Capital Contributions	3,348,636	2,300,000	2,197,100	1,154,900	-	-	-	-
Investment Earnings	5,248,342	5,565,100	4,294,800	3,828,400	3,658,500	3,703,200	3,490,800	2,155,900
Total Inflows	296,872,839	240,484,300	171,234,300	247,983,300	231,658,500	191,703,200	85,490,800	152,155,900
Outflows								
Capital Program	156,209,178	185,000,000	165,000,000	245,000,000	245,000,000	230,000,000	190,000,000	85,000,000
Transfers out to Water Operations Fund								
Bond Cost of Issuance	1,812,585	1,665,000	1,185,000	1,822,500	1,710,000	1,410,000	615,000	1,125,000
Total Outflows	158,021,763	186,665,000	166,185,000	246,822,500	246,710,000	231,410,000	190,615,000	86,125,000
Net Inflow (Outflow) - Use of Construction Funds	\$ 138,851,076	\$ 53,819,300	5,049,300	1,160,800	(15,051,500)	(39,706,800)	(105,124,200)	66,030,900
Beginning Net Position			270,178,200	275,227,500	276,388,300	261,336,800	221,630,000	116,505,800
Projected Ending Net Position			\$ 275,227,500	\$ 276,388,300	\$ 261,336,800	\$ 221,630,000	\$ 116,505,800	\$ 182,536,700
Capital Improvement Plan		\$ 183,064,000	\$ 183,743,000	\$ 302,768,000	\$ 372,646,000	\$ 246,750,000	\$ 186,818,000	\$ 82,080,000
Capital Spending Ratio		100%	88%	80%	65% 	93%	100%	100%
Capital Financing Plan		\$ 185,000,000	\$ 165,000,000	\$ 245,000,000	\$ 245,000,000	\$ 230,000,000	\$ 190,000,000	\$ 85,000,000

Final adjustment for budget and charges adopted dropped funding for water CIP for FY 2028 to 65%

CIP being evaluated

Water System at 100% Debt Funded CIP

Fiscal Year	Bond Proceeds	Capital Financing Plan	Capital Improvement Plan
FY 2027	\$ 243,000,000	\$ 245,000,000	\$ 302,768,000
FY 2028	228,000,000	245,000,000	372,646,000
FY 2029	188,000,000	230,000,000	246,750,000
FY 2030	82,000,000	190,000,000	186,818,000
FY 2031	150,000,000	85,000,000	82,080,000
	<u>\$ 891,000,000</u>	<u>\$ 995,000,000</u>	<u>\$ 1,191,062,000</u>

Five Year Capital Spending Ratio (Funded) 84%

Percent of CIP Unfunded 16%

- ◆ Simple excerpt from financial plan to illustrate 100% debt financing
- ◆ Bond transactions occur at end of fiscal year for upcoming year's capital program needs
- ◆ For simplicity, beginning and ending cash from borrowing not shown

Where do we go from here?

💧 Key Action Items

- 💧 Next 10 year focus of what should be accomplished and how that aligns with financial needs
- 💧 Start talking about next year's budget, capital funding, and charges now
- 💧 Advocate for the complex matters surrounding ALL water utilities and customers needs

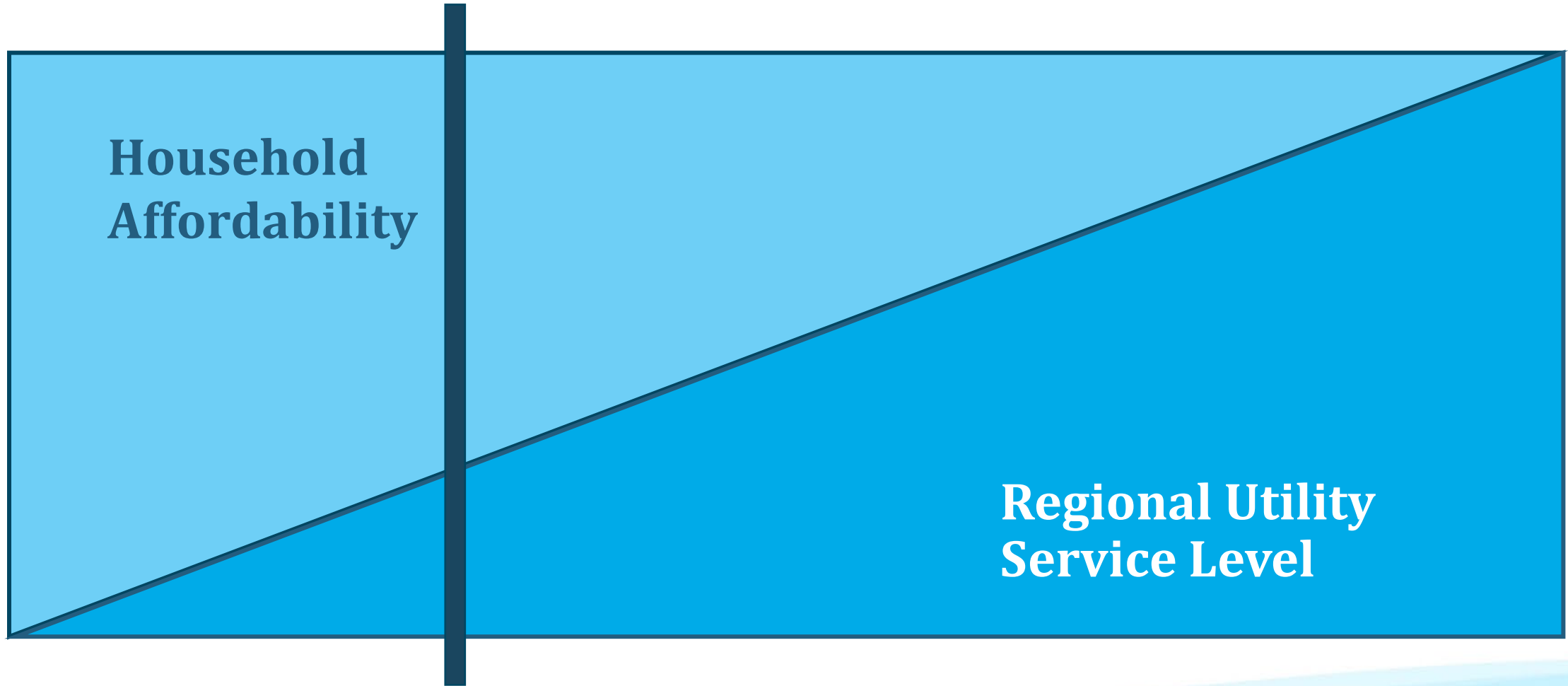
💧 Communication is Key

- 💧 Educate stakeholders - without alarming the public
- 💧 What can we do better?

EPA Guidance on Affordability

- ◆ Affordability is commonly referenced, but what does it mean?
- ◆ Source: [Water Affordability Landscape](#) (EPA website, update June 5, 2025)
- ◆ **Household:** Water affordability refers to the *ability of an individual household to pay for essential water services bills, including drinking water, wastewater, and stormwater, without sacrificing other household needs.*
- ◆ **Utility:** Water utilities across the U.S. also face significant water affordability challenges. *Many utilities struggle to meet rising costs for operations and maintenance, upgrading aging infrastructure, and protecting public health and the environment, while facing difficult decisions about raising rates.*

Tension Between Affordability & Service Level



Common Interests – Different Conversations

💧 Household Affordability

- 💧 Health & Human Services Expertise
- 💧 Service Provider Resiliency
- 💧 Funding

💧 GLWA actively engaged in workgroup efforts

- 💧 Weekly Workgroup Meetings and Collaboration
- 💧 GLWA Affordability & Assistance Workshop on April 30, 2026

💧 Reliable Utility Service Level

- 💧 Regional & Local System Utility Operator & Engineer Expertise
- 💧 System Resiliency
- 💧 Funding

💧 GLWA actively engaged with Lansing, MI and Washington DC leadership

💧 Water Funding Task Force work is underway –

WaterFunding@glwater.org

Utility Sector Rate Setting Focus

- ◆ [AWWA](#) (American Water Works Association) rate-setting methodologies focus on developing **defendable, fair, and equitable rates that cover the full cost of service**—including operations, maintenance, and capital improvements—while minimizing "rate shock". Key approaches include cost-of-service analysis (allocating fixed/variable costs) and using models to ensure financial sustainability.
- ◆ Suggest “**reasonable**” as a proxy for “**defendable, fair, and equitable rates**”.
- ◆ Future exercise: identifying the full cost of service

Table Topic: Words are Important

- ◆ **Household:** Water affordability refers to the *ability of an individual household to pay for essential water services bills, including drinking water, wastewater, and stormwater, without sacrificing other household needs.*
 - ◆ [Water Affordability Landscape](#) (EPA website, update June 5, 2025)

◆ Discussion

1. **Suggest a refocus on long established charge language around what is “reasonable” to better describe the balance between household affordability concerns (as defined above) with providing a reliable level of service level**
2. **Other feedback on what you have heard today so far**

Annual Charges Booklet

- 💧 Posted [Online](#)
- 💧 Emailed to Member Partners with Final Calculation Worksheets
- 💧 Contains Charge Schedules and information to share with your communities



FY 2027 Schedule of Charges
As Approved

February 25, 2026

www.glwa.org



We're All In This Together: How Do We Best Tell the Story of Rates & Charges of our Utilities — Michelle Zdrodowski & Nicolette Bateson, GLWA

Investing in Strategic Communications About Rate Changes

Suzanne Brown and Marci Davis

Key Takeaways

Clayton County Water Authority (CCWA) created an award-winning messaging campaign to build awareness of the need for rate adjustments to meet short- and longer-term goals and objectives.

The multipronged communications campaign emphasized the utility's mission of providing high-quality water and service, along with the return on investment for customers.

The lessons learned during CCWA's "I'm Invested" campaign can help other utilities harness messaging to engage stakeholders and be successful amid challenging situations.

Layout imagery by stoatphoto/Shutterstock.com

Clayton County Water Authority (CCWA)

- 💧 Clayton County Water Authority (CCWA) (Georgia)
- 💧 Source: Journal AWWA – November 2022
- 💧 Key Points
 - 💧 Award winning messaging campaign to build awareness of the need for rate adjustments to meet short – and longer-term goals and objectives.
 - 💧 Features lessons learned during CCWA's "I'm Invested" campaign to engage stakeholders and be successful amid challenging situations.

Sweetwater Authority

- ◆ Sweetwater Authority (California)
- ◆ Source: Journal AWWA – April 2020
- ◆ Key Points
 - ◆ Clearly explain why a rate study was being performed and engage customers and stakeholders in learning more about their water system.
 - ◆ Provide a way for the board and staff to listen to customers and stakeholders in advance of acting on rate study. Recommendations.
 - ◆ Employees received “brand ambassador training”.
 - ◆ Expanded customers’ understanding of services, proactive maintenance, and capital improvements.

● ● COMMUNICATIONS

Proactive Communication Promotes Successful Water Rate Increase

Leslie Payne



Layout imagery by Tyshchenko Photography/Shutterstock.com

In California, communicating water rate increases is mandated by rules and regulations set forth in Proposition 218, which went into effect Nov. 6, 1996. A mailer is sent to customers detailing the new rates, and the public can comment on this document by attending a required public hearing; alternatively, residents can send a written form of protest to the utility regarding the proposed rates. Such approaches make clear that in today's age of openness and transparency, interacting with customers and keeping them informed have become essential parts of implementing rate increases successfully. The past practice of simply mailing a notice doesn't meet the expectations of today's customers or their elected officials.

A Different Approach
When faced with its first water rate increase since 2015, Sweetwater Authority in Chula Vista, Calif., recognized its community's expectations and took a different approach to notifying its customers about the rate increase. The public may not always see the value in a rate increase, but integrating effective communications into a proposed rate increase can build community relationships that extend beyond the move to raise rates.

Campaign Specifics
First, Sweetwater Authority worked with its staff and governing board to determine the campaign's priorities.

Sweetwater Authority is a joint powers agency that provides public water service to approximately 189,000 people residing and working in National City, Calif., and the South Bay Irrigation District, which includes portions of the city of Chula Vista and most of the unincorporated community of Bonita in San Diego County. The authority is one of 24 member agencies of the San Diego County Water Authority.

With a diverse and abundant supply of local water resources, the authority has positioned itself as a regional leader. The authority is among the few regional water companies that sources 100% of its water from local facilities, importing no water to meet the normal water demand of its customers. Planning, innovation, and best management practices have kept rates for the authority's customers among the lowest in the region.

In 2018, Sweetwater Authority conducted a rate study and proposed a new five-year rate plan that included a rate-stabilization fund to minimize large rate spikes. When the rate study was eventually adopted, the authority hadn't raised rates since 2015, and it was the first time the agency was implementing a long-horizon rate structure.

To ensure that the public was informed of and on board with the new rates, the authority worked on a dynamic outreach campaign—the agency's first attempt at this kind of effort. Public affairs staff developed a communications plan with the help of consulting firm Raftelis, which also conducted the rate study. The authority also hired SVPR Communications to assist with local media and community communications, including connecting with hard-to-reach bilingual communities.

JOURNAL AWWA • APRIL 2020 77

EPA Communicating the Value of Water Services

- ◆ Environmental Protection Agency
- ◆ Source: [EPA Website](#)
- ◆ Outline for Communicating the Value of Water
 - ◆ Identify community's needs or issues through surveys, focus groups or other data-gathering techniques.
 - ◆ Develop a message and communicate it through campaigns or community engagement efforts including public meetings and events, social media, Web sites and software applications for mobile devices.
 - ◆ Continue to engage the community and adjust communication efforts based on changing needs and issues.

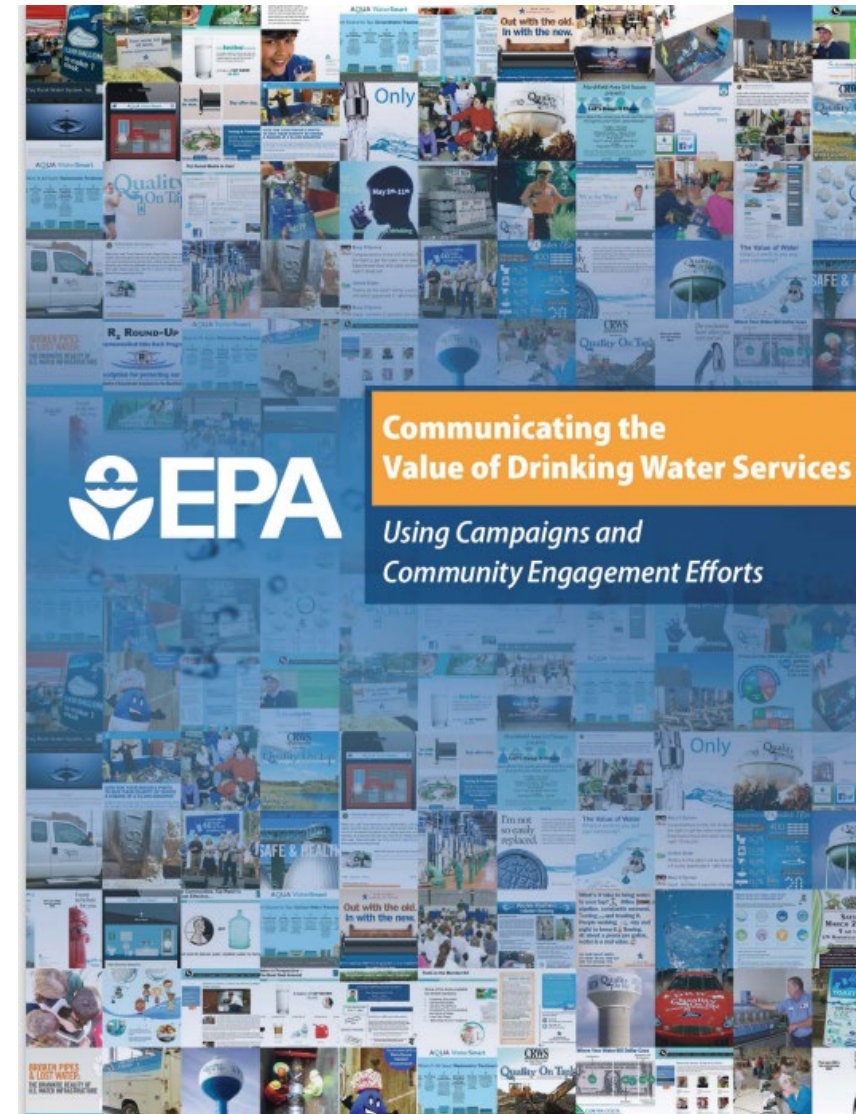


Table Discussion

- ◆ How can all of us can be more effective in communicating the needs of our systems.
 - ◆ What's working well?
 - ◆ What can we all do better?
 - ◆ What have you found to be effective in communicating the needs of your local system?
- ◆ Each table should be prepared to report out for a larger group discussion.

GLWA

Great Lakes Water Authority



Monthly Financial Report Binder

December 2025

**Presented to the
Great Lakes Water Authority
Audit Committee on March 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. Operating and/or budget priorities are re-evaluated where appropriate. This report includes first quarter budget amendments as presented to the GLWA Board of Directors on January 28, 2026.

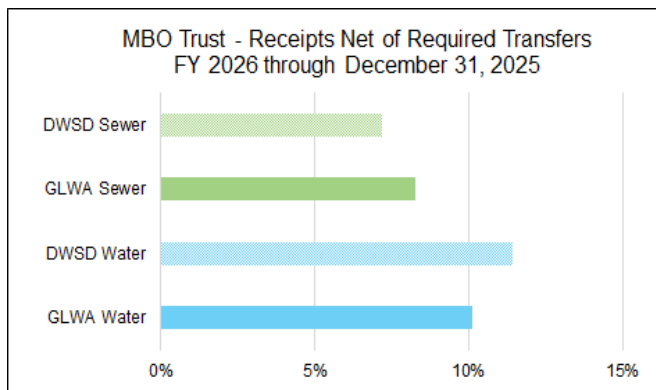
Investment earnings currently exceed the FY 2026 amended budget to date. Although interest rates are expected to continue to decline, this decline will not occur consistently throughout the year. In addition, current events may impact projections related to federal fund rate cuts. That driver behind positive news on investment earnings has a negative impact on commodity-based supplies and materials consumed by GLWA. These scenarios will result in further budget amendments in FY 2026.

Water system under spending for capital 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 December 31, 2025					
Metric	FY 2026 Budget	FY 2026 Amended Budget	FY 2026 Actual	Variance from Financial Plan	Report Page Reference
Wholesale Water Revenue (\$M)	\$182.8	\$182.8	\$191.1	5%	4
Wholesale Water Billed Usage (mcf)	6,947,000	6,947,000	7,119,000	2%	50
Wholesale Sewer Revenue (\$M)	\$150.2	\$150.2	\$150.0	0%	5
Wholesale Water Operations & Maintenance (\$M)	\$91.2	\$92.0	\$93.1	1%	4
Wholesale Sewer Operations & Maintenance (\$M)	\$118.0	\$118.8	\$116.7	-2%	5
Investment Income (\$M)	\$18.5	\$16.5	\$22.1	34%	16
Water Prorated Capital Spend w/SRA* (\$M)	\$91.5	\$91.5	\$52.1	-43%	30
Sewer Prorated Capital Spend w/SRA* (\$M)	\$86.9	\$86.9	\$112.2	29%	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 \$8.2 million and DWSD sewer reports a surplus of \$12.1 million of net receipts over disbursements through December 2025.

Budget to Actual Analysis (page 3)

- The total revenue requirements are on target through December 2025.
- The total overall Operations & Maintenance expenses are 49.8% of budget through December 2025 which is slightly under the pro-rata benchmark of 50.0% 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 December 2025 is \$67.3 million for the Water fund (32.2% of total revenues) and \$76.6 million for the Sewage Disposal fund (28.9% of total revenues).
- Water net position increased by \$32.1 million, and sewage disposal net position increased by \$42.9 million for the year to date through December 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 December 2025, transfers of \$95.0 million and \$123.6 million were completed for the GLWA Water and Sewer funds, respectively.
- Also, for December 2025, transfers of \$36.1 million and \$43.8 million were completed for the DWSD Water and Sewer funds, respectively.

Cash Balances & Investment Income (page 39)

- Total cash & investments are \$748.0 million for Water and \$681.0 million in the Sewer fund.
- Total, combined, cumulative, FY 2026 investment income through December 2025 is \$25.9 million.

DWSD Retail Revenues, Receivables & Collections (page 43)

- Water usage through December 31, 2025 is 100.59% and revenues are 99.66% of budget.
- Sewer usage through December 31, 2025 is 96.41% and revenues are 96.83% of budget.
- Combined accounts receivable balances for the Water and Sewer funds report an increase of \$45.9 million over the prior year.
- Past due balances over 180 days make up 76.0% of the total accounts receivable balance. The current bad debt allowance covers 100.2% of past dues over 60 days.

GLWA Wholesale Billing, Receivables & Collections (page 49)

- GLWA accounts receivable past due balance net of Dearborn is 0.36% of the total accounts receivable balance. Discussions remain underway between GLWA and Dearborn regarding the water balance.
- Average wholesale water collections of \$29.7 million for the period of January 2025 through December 2025 are trending \$1.8 million above the prior year.
- Average wholesale sewer collections of \$24.3 million for the period of January 2025 through December 2025 are trending \$1.7 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 requirements. 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 December 2025 therefore the pro-rata benchmark is 50.0% (6 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 December 31, 2025, these payments total \$2.6 million for FY 2026.

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

Water System	FY 2025			FY 2026			
	Amended Budget	Activity Thru 12/31/2024	Percent of Amended Budget	Board Adopted Budget	Amended Budget	Activity Thru 12/31/2025	Percent of Amended Budget
Revenues							
Wholesale Charges	\$ 347,758	\$ 176,614	50.8%	\$ 365,646	\$ 365,646	\$ 191,116	52.3%
Charges to Local System	27,095	13,547	50.0%	30,029	30,029	15,014	50.0%
Investment Earnings	15,818	8,254	52.2%	12,784	12,784	7,718	60.4%
Other Revenue	400	233	58.2%	303	303	512	169.0%
Total Revenues	<u>\$ 391,071</u>	<u>198,648</u>	50.8%	<u>\$ 408,761</u>	<u>408,761</u>	<u>214,361</u>	52.4%
Revenue Requirements							
Operations & Maintenance Expense	\$ 182,227	\$ 88,567	48.6%	\$ 182,456	\$ 183,909	\$ 93,116	50.6%
Debt Service	161,945	87,574	54.1%	179,082	177,686	89,541	50.4%
General Retirement System Pension	1,653	1,142	69.1%	2,731	2,731	1,365	50.0%
Water Residential Assistance Program Contribution	1,877	974	51.9%	1,970	1,970	985	50.0%
Extraordinary Repair & Replacement Deposit	2,650	-	0.0%	320	320	-	0.0%
Regional System Lease	22,500	11,250	50.0%	22,500	22,500	11,250	50.0%
Working Capital Requirement	4,956	-	0.0%	600	-	-	0.0%
Improvement & Extension Fund Transfer Pending	13,263	3,635	27.4%	19,102	19,645	9,822	50.0%
Total Revenue Requirements	<u>\$ 391,071</u>	<u>193,142</u>	49.4%	<u>\$ 408,761</u>	<u>408,761</u>	<u>206,080</u>	50.4%
Net Difference		<u>\$ 5,506</u>				<u>\$ 8,280</u>	
<i>Recap of Net Difference</i>							
<i>Revenue Variance</i>		\$ 3,113				\$ 9,980	
<i>Revenue Requirement Variance</i>		2,393				(1,700)	
<i>Net Difference</i>		<u>\$ 5,506</u>				<u>\$ 8,280</u>	

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

Sewer System	FY 2025			FY 2026			
	Amended Budget	Activity Thru 12/31/2024	Percent of Amended Budget	Board Adopted Budget	Amended Budget	Activity Thru 12/31/2025	Percent of Amended Budget
Revenues							
Wholesale Charges	\$ 287,387	\$ 144,030	50.1%	\$ 300,317	\$ 300,317	\$ 149,970	49.9%
Charges to Local System	205,925	102,962	50.0%	215,324	215,324	107,662	50.0%
Industrial Waste Control Charges	8,719	4,418	50.7%	9,150	9,150	4,560	49.8%
Pollutant Surcharges	5,434	2,391	44.0%	5,113	5,113	2,463	48.2%
Investment Earnings	20,605	11,146	54.1%	14,615	14,615	9,638	65.9%
Other Revenue	700	148	21.2%	443	443	204	46.2%
Total Revenues	\$ 528,770	265,095	50.1%	\$ 544,962	544,962	274,498	50.4%
Revenue Requirements							
Operations & Maintenance Expense	\$ 235,192	\$ 116,924	49.7%	\$ 236,099	\$ 237,552	\$ 116,660	49.1%
Debt Service	217,449	113,433	52.2%	220,885	216,274	110,442	51.1%
General Retirement System Pension	3,719	2,423	65.2%	5,633	5,633	2,816	50.0%
Water Residential Assistance Program Contribution	2,542	1,326	52.2%	2,639	2,639	1,319	50.0%
Extraordinary Repair & Replacement Deposit	276	-	0.0%	-	-	-	0.0%
Regional System Lease	27,500	13,750	50.0%	27,500	27,500	13,750	50.0%
Working Capital Requirement	-	-	0.0%	-	-	-	0.0%
Improvement & Extension Fund Transfer Pending	42,094	14,070	33.4%	52,208	55,365	27,682	50.0%
Total Revenue Requirements	\$ 528,770	261,926	49.5%	\$ 544,962	544,962	272,671	50.0%
Net Difference		\$ 3,169				\$ 1,827	
<i>Recap of Net Difference</i>							
Revenue Variance		\$ 710				\$ 2,017	
Revenue Requirement Variance		2,459				(190)	
Net Difference		\$ 3,169				\$ 1,827	

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 52.4%. For the *sewer* system, total revenues for FY 2026 are slightly above the pro-rata benchmark at 50.4%. 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 60.4%. The *sewer* system is also above the pro-rata benchmark for FY 2026 at 65.9%. FY 2026 investment earnings are slightly lower than FY 2025 earnings due to the Federal Reserve monetary policy moving 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 50.6%, and the *sewer* system O&M is below the pro-rata benchmark for FY 2026 at 49.1%.
5. **Debt Service:** For FY 2026, the *water* system is above the pro-rate benchmark at 50.4% and *sewer* system is also above the pro-rata benchmark at 51.1%. 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 50.4%. Total revenue requirements for the *sewer* system are in-line with the pro-rata benchmark at 50.0%.

Operations & Maintenance Budget – Major Budget Categories

The benchmark ratio as of December 31, 2025, is 50.0% (six 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 six 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 2026			
	Amended Budget	Activity Thru 12/31/2024	Percent of Amended Budget	Board Adopted Budget	Amended Budget	Activity Thru 12/31/2025	Percent of Amended Budget
A Water System Operations	\$ 94,398	\$ 47,821	50.7%	\$ 101,501	\$ 101,501	\$ 51,943	51.2%
B Wastewater System Operations	145,040	73,646	50.8%	156,573	156,573	76,494	48.9%
C Centralized Services	135,244	65,514	48.4%	117,388	120,248	59,073	49.1%
D Administrative & Other Services	42,737	18,523	43.3%	43,094	43,140	22,267	51.6%
Employee Benefits	-	(13)	-100.0%	-	-	-	0.0%
Total O&M Budget	\$ 417,419	\$ 205,491	49.2%	\$ 418,555	\$ 421,461	\$ 209,777	49.8%

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 2026				
	Amended Budget	Actual Thru 6/30/2025	Activity Thru 12/31/2024	Percent of Amended Budget	Percent of Actual 6/30/2025	Amended Budget	Prorated Amended Budget (6 Months)	Activity Thru 12/31/2025	Percent of Amended Budget	Variance (Over) Under Prorated Amended
	A	B	C	= C / A	= C / B	D	E	F	= F / D	= E - F
Personnel Costs										
Salaries & Wages Workforce	\$ 85,807	\$ 84,979	\$ 40,344	47.0%	47.5%	\$ 91,087	\$ 45,543	\$ 47,964	52.7%	\$ (2,420)
Development	2,363	2,811	974	41.2%	34.7%	3,777	1,889	1,080	28.6%	809
Overtime	9,605	10,125	7,968	83.0%	78.7%	8,911	4,456	5,191	58.3%	(735)
Employee Benefits Services	32,244	30,773	15,501	48.1%	50.4%	31,867	15,934	20,609	64.7%	(4,675)
Employee Benefits Fund	8,516	8,195	4,015	47.1%	49.0%	8,491	4,246	4,228	49.8%	18
Total Personnel Costs	<u>138,535</u>	<u>136,883</u>	<u>68,790</u>	49.7%	50.3%	<u>144,134</u>	<u>72,067</u>	<u>79,071</u>	54.9%	<u>(7,004)</u>
Utilities										
Electric	48,121	46,578	24,641	51.2%	52.9%	51,308	25,654	22,307	43.5%	3,347
Gas	7,000	7,661	2,995	42.8%	39.1%	7,113	3,556	3,763	52.9%	(206)
Sewage Service	2,980	2,400	1,091	36.6%	45.5%	2,455	1,228	1,374	55.9%	(146)
Water Service	11,602	10,420	5,741	49.5%	55.1%	12,203	6,101	6,335	51.9%	(234)
Total Utilities	<u>69,703</u>	<u>67,059</u>	<u>34,468</u>	49.5%	51.4%	<u>73,079</u>	<u>36,539</u>	<u>33,778</u>	46.2%	<u>2,761</u>
Chemicals	38,235	34,385	17,655	46.2%	51.3%	37,189	18,595	15,634	42.0%	2,961
Supplies & Other Contractual Services	45,294	45,727	21,691	47.9%	47.4%	45,516	22,758	22,606	49.7%	152
Capital Program	134,053	128,153	66,116	49.3%	51.6%	124,266	62,133	61,810	49.7%	323
Allocation	(4,582)	(2,901)	(1,030)	22.5%	35.5%	(3,431)	(1,715)	(1,583)	46.1%	(132)
Shared Services	(2,280)	(2,583)	(1,130)	49.6%	43.8%	(2,264)	(1,132)	(1,539)	68.0%	407
Intergovernmental Agreement	(1,540)	(1,565)	(1,069)	69.5%	68.3%	-	-	-	0.0%	-
Reserve	-	-	-	0.0%	0.0%	2,972	1,486	-	0.0%	1,486
Total Expenses	<u>\$ 417,419</u>	<u>\$ 405,160</u>	<u>\$ 205,491</u>	49.2%	50.7%	<u>\$ 421,461</u>	<u>\$ 210,731</u>	<u>\$ 209,777</u>	49.8%	<u>\$ 954</u>

Totals may be off due to rounding

Total Expenses: In total, the overall O&M expenses are 49.8%, which is below the pro-rata benchmark of 50.0%. The Table 3 expense category commentary is provided below.

Personnel Costs: The year-to-date total personnel costs through December 2025 are at 54.9%, which is above the pro-rata benchmark of 50.0%. 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. Recently, 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 46.2% through December 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 43.5%. When compared to the prior fiscal year the year-to-date value represents an approximate \$2.3 million reduction. This is primarily due to a reduction in the Power Supply Cost Recovery (PSCR) charge. Beginning March 1, 2026 the PSCR was increased to the maximum allowed by the Public Service Commission. This change will have a significant impact on this cost after that date (the dollar impact is currently being reviewed). The first three months of GLWA's fiscal year (July, August, and December) 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 52.9%, which is above the benchmark of 50.0%. Variances are primarily related to fluctuating costs.
- **Sewage service** is higher than the benchmark, coming in at 55.9%. 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 51.9%. 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 42.0% through December 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 drought 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 49.7% through December 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 slightly below the pro-rata benchmark; coming in at 49.7% through December 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 46.1% through December 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 68.0% through December 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 December 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 December 31, 2025
 (\$000)**

	Water	Sewage Disposal	Total Business- type Activities	Comparative June 30, 2025
Assets				
Cash - unrestricted (a)	\$ 217,600	\$ 285,156	\$ 502,756	\$ 435,531
Cash - restricted (a)	155,293	144,020	299,313	631,066
Investments - unrestricted (a)	130,497	128,845	259,342	219,969
Investments - restricted (a)	229,014	137,239	366,253	259,388
Accounts Receivable	82,454	76,111	158,565	163,009
Due from (to) Other Funds (b)	4,404	(4,404)	-	-
Other Assets (c)	609,201	362,038	971,239	977,212
Capital Assets, net of Depreciation	1,170,770	1,763,992	2,934,762	3,048,416
Land	293,624	126,816	420,440	420,440
Construction Work in Process (e)	600,723	606,943	1,207,666	1,039,383
Total assets	3,493,580	3,626,756	7,120,336	7,194,414
Deferred Outflows (f)	23,662	46,373	70,036	71,631
Liabilities				
Liabilities - Liabilities-ST	263,853	295,192	559,046	538,933
Other Liabilities (h)	2,473	6,214	8,686	7,500
Cash Held FBO DWSD (d)	36,826	49,044	85,870	57,578
Liabilities - Long-Term (i)	3,177,281	3,176,809	6,354,091	6,546,932
Total liabilities	3,480,433	3,527,260	7,007,693	7,150,943
Deferred Inflows (f)	80,991	90,985	171,977	179,444
Total net position (j)	\$ (44,182)	\$ 54,885	\$ 10,702	\$ (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 December 31, 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 consists 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* represents 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 December 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 Six Months ended December 31, 2025
(\$000)

	Water	Percent of Revenue	Sewage Disposal	Percent of Revenue	Total Business- Type Activities	Comparative June 30, 2025
Revenue						
Wholesale customer charges	\$ 193,671	92.6%	\$ 149,970	56.6%	\$ 343,641	\$ 636,667
Local system charges	15,014	7.2%	107,662	40.6%	122,677	233,020
Industrial waste charges	-	0.0%	4,560	1.7%	4,560	8,849
Pollutant surcharges	-	0.0%	2,463	0.9%	2,463	4,584
Other revenues	506	0.2%	204	0.1%	710	948
Total Revenues	209,192	100.0%	264,859	100.0%	474,051	884,068
Operating expenses						
Operations and Maintenance	92,798	44.4%	116,029	43.8%	208,826	402,118
Depreciation	46,491	22.2%	71,185	26.9%	117,676	242,487
Amortization of intangible assets	2,580	1.2%	1,016	0.4%	3,596	6,774
Total operating expenses	141,868	67.8%	188,230	71.1%	330,098	651,379
Operating Income	67,324	32.2%	76,629	28.9%	143,953	232,689
Total Nonoperating (revenue) expense	35,183	16.8%	33,725	12.7%	68,908	106,607
Increase/(Decrease) in Net Position	32,141	15.4%	42,904	16.2%	75,045	126,082
Net Position (deficit), beginning of year	(76,324)		11,981		(64,342)	(190,425)
Net position (deficit), end of year	\$ (44,182)		\$ 54,885		\$ 10,702	\$ (64,342)

Totals may be off due to rounding

Water Fund

- ✓ The increase in Water Fund Net Position is \$32.1 million.
- ✓ Wholesale water customer charges of \$193.7 million account for 92.6% of Water System revenues.
- ✓ Operating expenses of \$141.9 million represent 67.8% of total operating revenue. Depreciation is the largest operating expense at \$46.5 million or 32.8% 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 \$67.3 million or 32.2% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$48.6 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 \$42.9 million.
- ✓ Wholesale customer charges of \$149.9 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 \$107.7 million account for 40.6% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of \$188.2 million represent 71.1% of total operating revenue. Depreciation is the largest operating expense at \$71.2 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 \$76.6 million or 28.9% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$50.5 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 December 2025 Financial Report Binder. Explanatory notes follow this schedule.

**Table 3 – Supplemental Schedule of Operations & Maintenance Expenses
– All Funds Combined
For the Six Months ended December 31, 2025
(\$000)**

	Water	Percent of Total	Sewage Disposal	Percent of Total	Total Business- Type Activities	Percent of Total
Operating Expenses						
Personnel						
Salaries & Wages	17,501	18.9%	35,770	30.8%	53,271	25.5%
Overtime	3,436	3.7%	1,755	1.5%	5,191	2.5%
Employee Benefits	14,562	15.7%	6,048	5.2%	20,609	9.9%
Total Personnel	\$ 35,499	38.3%	\$ 43,572	37.6%	\$ 79,071	37.9%
Utilities						
Electric	14,770	15.9%	7,536	6.5%	22,307	10.7%
Gas	366	0.4%	3,397	2.9%	3,763	1.8%
Sewage	541	0.6%	832	0.7%	1,374	0.7%
Water	2	0.0%	6,333	5.5%	6,335	3.0%
Total Utilities	\$ 15,679	16.9%	\$ 18,099	15.6%	\$ 33,778	16.2%
Chemicals	6,624	7.1%	9,009	7.8%	15,634	7.5%
Supplies and other	7,868	8.5%	14,004	12.1%	21,872	10.5%
Contractual services	29,156	31.4%	32,438	28.0%	61,594	29.5%
Capital Program allocation	(1,063)	-1.1%	(520)	-0.4%	(1,583)	-0.8%
Intergovernmental Agreement	-	0.0%	(1)	0.0%	(1)	0.0%
Shared Services allocation	(966)	-1.0%	(573)	-0.5%	(1,539)	-0.7%
Operations and Maintenance Expenses	\$ 92,798	100.0%	\$ 116,029	100.0%	\$ 208,826	100.0%

Totals may be off due to rounding

- ✓ Core expenses for water and sewage disposal systems are utilities (16.2% of total O&M expenses) and chemicals (7.5% of total O&M expenses).
- ✓ Personnel costs (37.9% 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 (29.5%) includes:
 - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately \$4.8 million);
 - Sewage Disposal System costs for the operation and maintenance of the biosolids dryer facility (approximately \$8.8 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 Six Months ended December 31, 2025**

	Water	Sewage Disposal	Total Business- type Activities	Comparative June 30, 2025
Nonoperating (Revenue)/Expense				
Interest income contractual obligation	\$ (11,133)	\$ (7,198)	\$ (18,330)	\$ (38,291)
Investment earnings	(11,353)	(10,735)	(22,088)	(47,263)
Net (incr) decr in fair value of invstmt	(49)	(87)	(136)	(1,532)
Other nonoperating (revenue) expense	72	(5,540)	(5,468)	(18,212)
Interest Expense				
Bonded debt	59,728	57,746	117,475	230,256
Lease obligation	8,051	9,840	17,891	36,218
Other obligations	1,302	761	2,063	5,033
	69,081	68,347	137,428	271,507
Capital Contribution	(298)	(6,740)	(7,038)	(40,693)
Amortization, issuance costs, debt	(11,736)	(5,144)	(16,881)	(25,936)
(Gain) loss on disposal of capital assets	(23)	(13)	(36)	172
Water Residential Assistance Program	622	833	1,456	3,828
Legacy pension expense	-	-	-	3,026
Total Nonoperating (Revenue)/Expense	\$ 35,183	\$ 33,725	\$ 68,908	\$ 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.

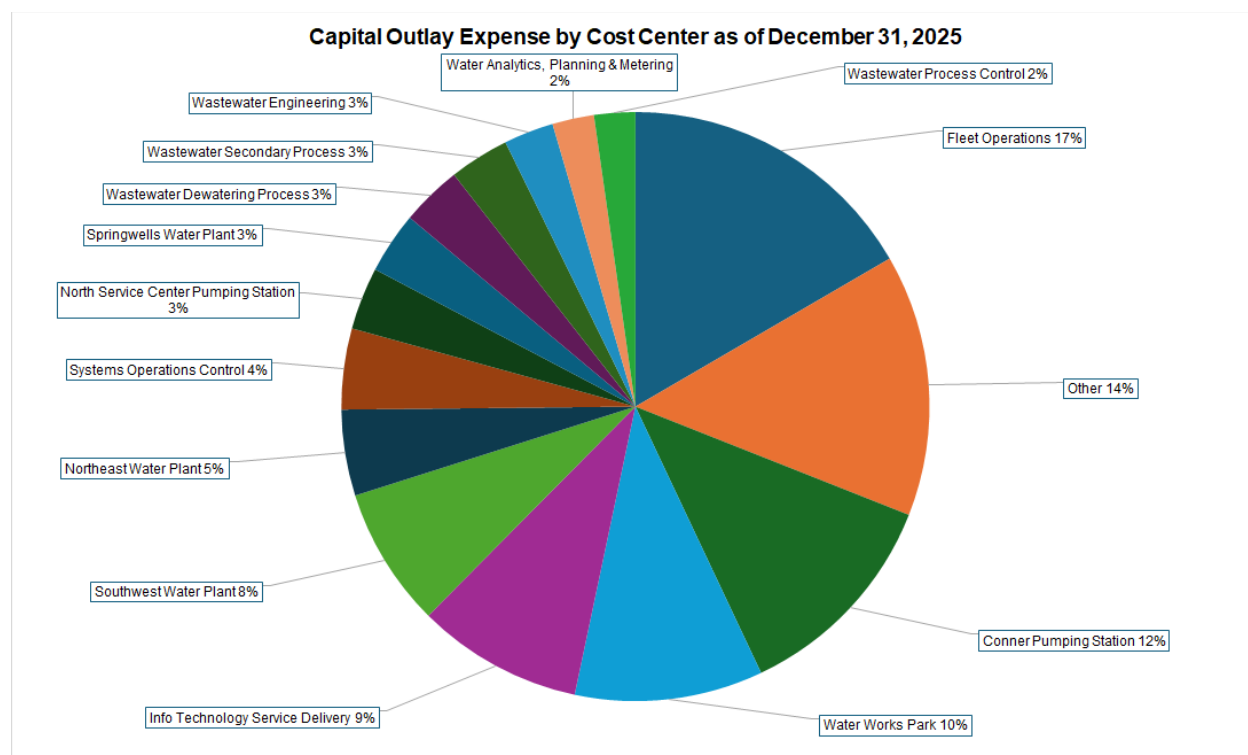
- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
 - Bonded debt;
 - Lease obligation for the regional assets from the City of Detroit; and
 - Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to 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 \$5.7 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 (\$6.7 million) grant revenue 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 December 31, 2025, total capital outlay spend is \$8.9 million. Following this chart is a sample list of projects and purchases from the total spend of \$8.9 million.



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

Water Operations: Water Works Park HVAC boiler (\$602k); steam generator replacement (\$517k); Springwells low lift modernization (\$327k); low lift elevator (\$321k); North Service Center variable frequency drive (\$270k) and Adams Road Pumping Station fire protection system (\$79k).

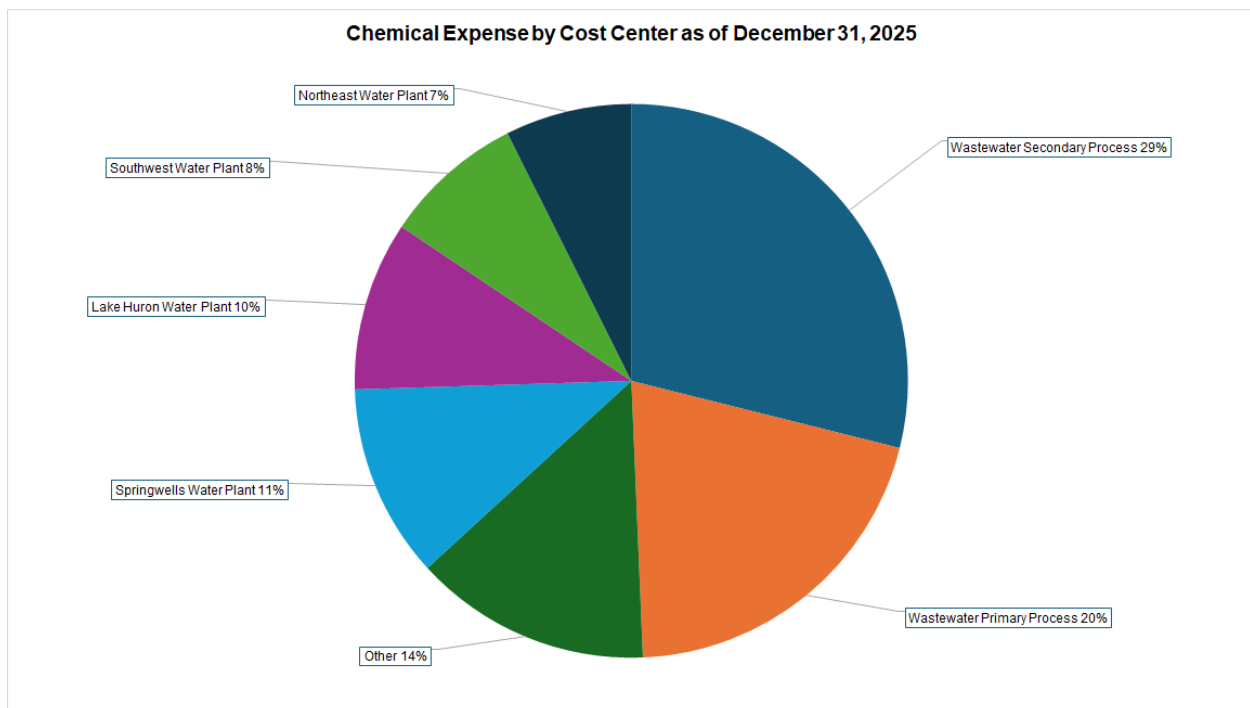
Wastewater Operations: Ovation upgrade and cabinet replacement (\$568k); Conner Creek elevator maintenance (\$523k); Conner Pumping Station priming level switch addition (\$385k); WRRF fire detection system (\$298k); sludge feed pump (\$250k); ferric chloride buffering pilot (\$228k); WRRF incinerator freight elevator (\$214k);

Conner Creek fire alarm system integration (\$160k); Hubble Southfield CSO proximity switches (\$122k); ID fan power cells (\$112k) and Connor Creek rotork gate actuator (98k).

Centralized & Administrative Facilities: Trucks and vehicles (\$1.4m); computer hardware and software (\$814k); sewer meter support (\$156k); Polaris UTV (\$112k) and permanent easement (\$98k).

Chart 2 – Chemical Expenses – Water and Sewer System Combined

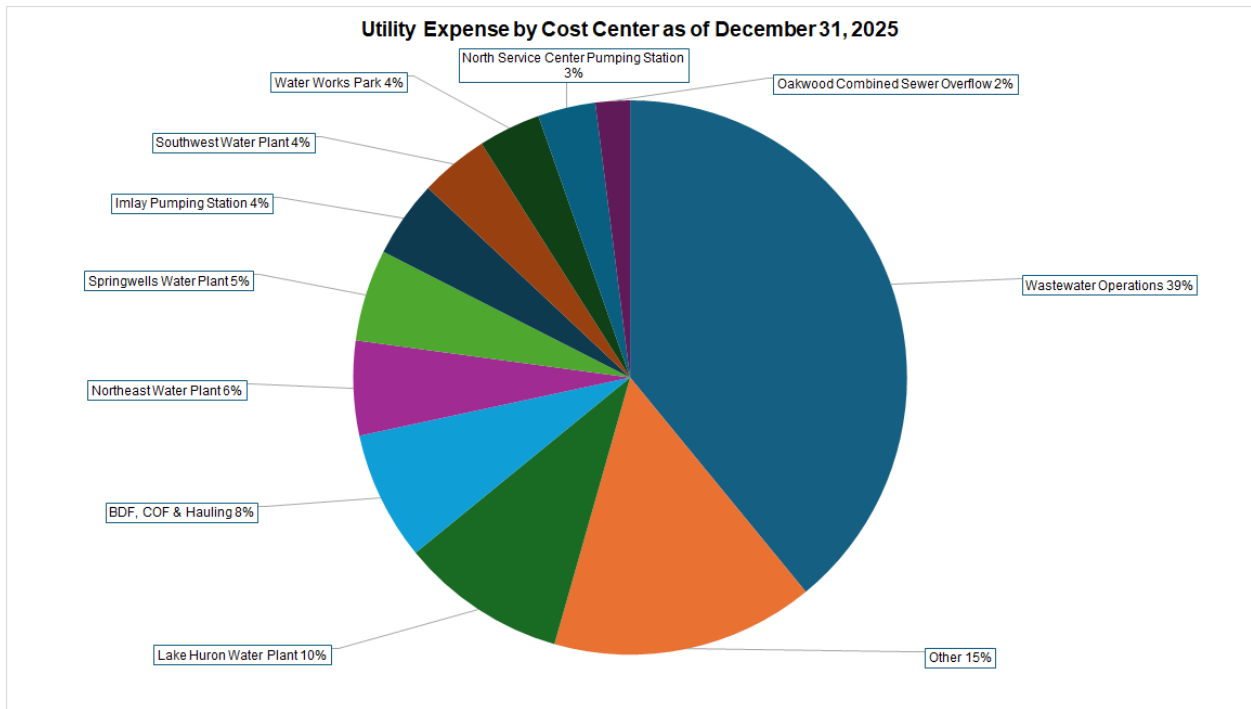
Chemical expenses are \$15.6 million through December 31, 2025. The allocation is shown in the chart below and remains consistent with prior periods.



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

Chart 3 – Utility Expenses – Water and Sewer System Combined

Utility expenses are \$33.8 million through December 31, 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 December 31, 2025, all bank accounts are reconciled.

Chart 1 – Bank Reconciliation Completion Status

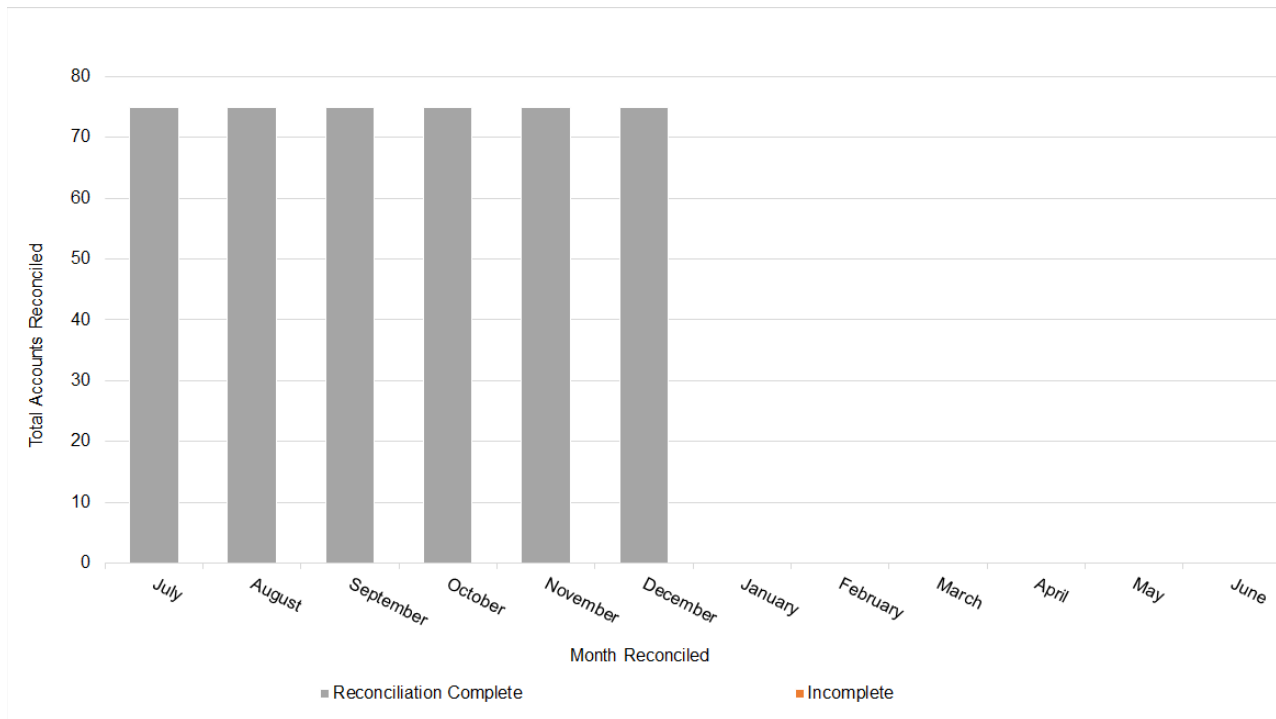


Table 1 – Fiscal Year 2026 GL Cash Account Roll-forward

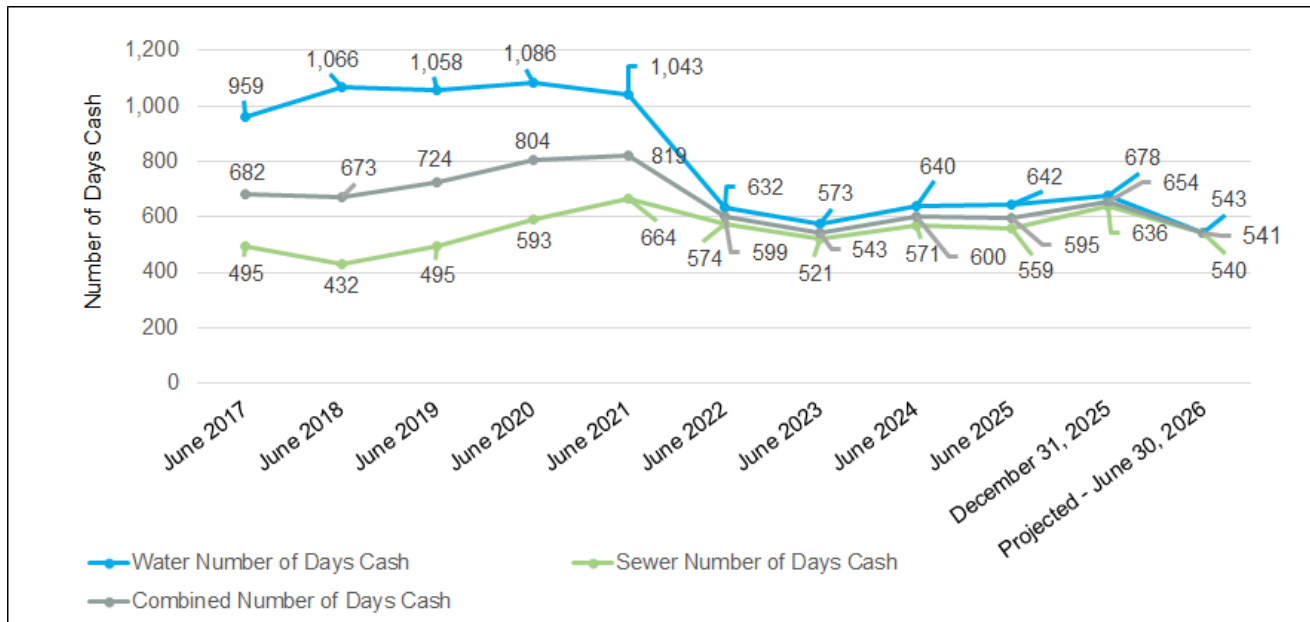
Total GL Cash accounts as of December 1, 2025	75
New GL Cash accounts since December 1, 2025	0
Inactivated GL Cash accounts since December 1, 2025	0
Total GL Cash accounts as of December 31, 2025	75

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 678 and Sewer at 636 days cash on hand as of December 31, 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	December 31, 2025	Projected June 30, 2026
Water Fund			
Cash and Investments - Unrestricted	306,425,000	348,097,000	278,800,000
Operating Expense			
Operating Expense (a)	274,020,000	146,638,000	293,276,000
Less: Depreciation (a)	(94,928,000)	(51,117,000)	(102,233,000)
Less: Amortization of Intangible Asset (a)	(4,951,000)	(1,783,000)	(3,567,000)
Net Operating Expense	174,142,000	93,738,000	187,476,000
Operating Expense per Day	477,000	514,000	514,000
Days Cash			
Number of Days Cash	642	678	543
Sewage Disposal Fund			
Cash and Investments - Unrestricted	349,076,000	414,001,000	351,600,000
Operating Expense			
Operating Expense (a)	377,359,000	194,776,000	389,552,000
Less: Depreciation (a)	(147,559,000)	(76,000,000)	(152,000,000)
Less: Amortization of Intangible Asset (a)	(1,824,000)	-	-
Net Operating Expense	227,976,000	118,776,000	237,552,000
Operating Expense per Day	625,000	651,000	651,000
Days Cash			
Number of Days Cash	559	636	540
Combined			
Cash and Investments - Unrestricted	655,501,000	762,098,000	630,400,000
Operating Expense			
Operating Expense (a)	651,379,000	341,414,000	682,828,000
Less: Depreciation (a)	(242,487,000)	(127,117,000)	(254,233,000)
Less: Amortization of Intangible Asset (a)	(6,774,000)	(1,783,000)	(3,567,000)
Net Operating Expense	402,118,000	212,514,000	425,028,000
Operating Expense per Day	1,102,000	1,164,000	1,164,000
Days Cash			
Number of Days Cash	595	654	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 Six Months Ended December 31, 2025**

	Water	Sewer	Total
Net Revenue Requirement Budget Variance (a)	\$ 8,280	1,827	\$ 10,107
Budgetary categories adjustments to financial reporting basis			
Pension delayed accounting election adjustments			
Current year pension transfers/payments recorded as deferral (c)	554	992	1,546
Debt service (f)	40,946	59,894	100,840
Accelerated pension B&C notes obligation portion (g)	507	1,141	1,648
Regional System lease (h)	3,199	3,910	7,109
GASB 87 & GASB 96 adjustments (h)	337	554	891
WRAP (i)	363	486	849
Extraordinary Repair & Replacement Fund transfers (j)	-	-	-
Improvement & Extension Fund transfers (j)	9,822	27,682	37,504
Nonbudgeted financial reporting categories adjustments			
Depreciation and amortization (k)	(49,071)	(72,201)	(121,272)
Amortization - debt related (k)	11,736	5,144	16,880
Other nonoperating income (k)	(77)	5,539	5,462
Other nonoperating expense (k)	-	-	-
Gain(loss) on disposal of capital assets (k)	23	13	36
Raw water rights obligation (l)	1,590	-	1,590
Investment earnings for construction fund (m)	3,636	1,096	4,733
Other	-	-	-
Investment earnings unrealized gain/loss (n)	49	87	136
Improvement & extension fund operating expenses (o)	(51)	()	(52)
Capital Contribution (p)	298	6,740	7,038
Net Position Increase/(Decrease) per Financial Statements (b)	\$ 32,141	\$ 42,904	\$ 75,045

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 (\$6.7 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 Contruent Software 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.

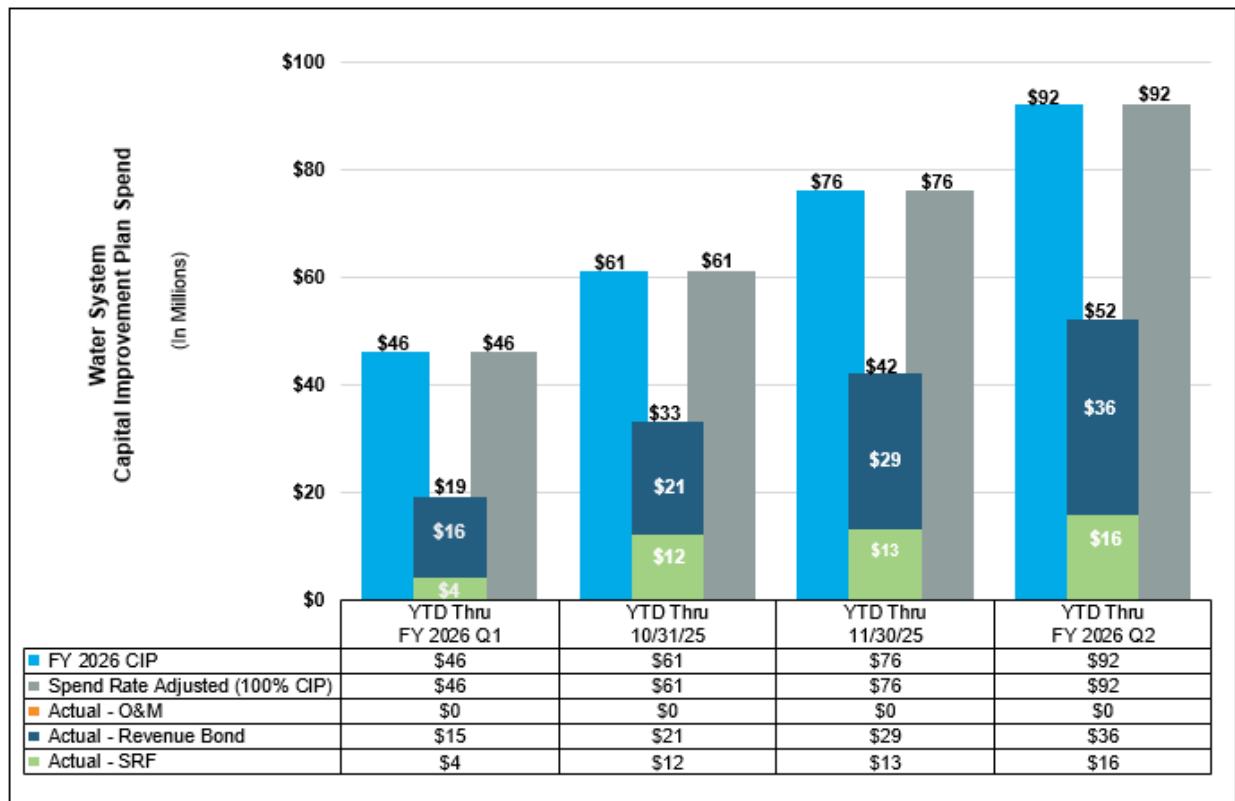
Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date

As of December 2025, the water system incurred \$52 million of construction costs to date. This spend represents 57% of the original, Board-approved CIP, and 57% 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. We expect a FY 2026 underspend that will be carried forward into FY 2027.

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



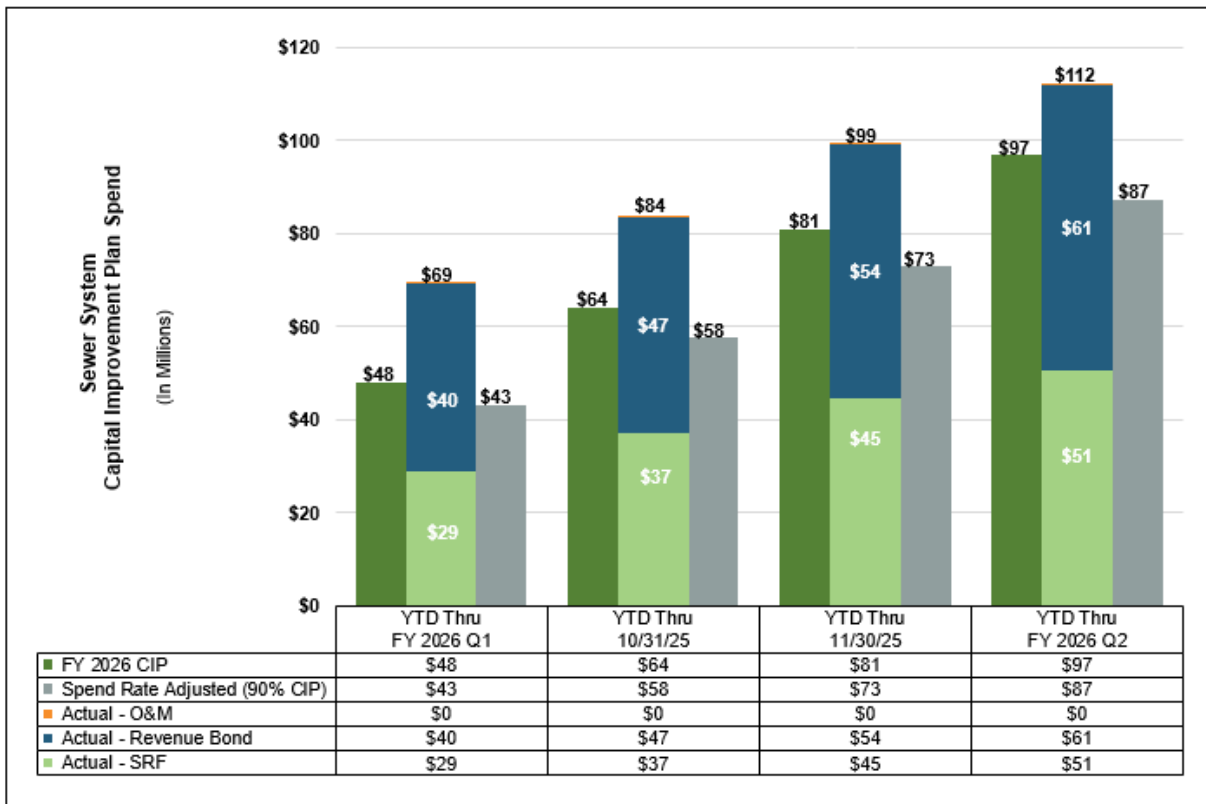
*SRF spend in the chart above reflects total costs associated with active SRF projects and may include some costs not reimbursed through the SRF program.

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

As of December 2025, the Sewer system incurred \$112 million of construction costs to date. This spend represents 116% of the original, Board-approved CIP, and 129% of the Board-reviewed spend rate adjustment.

Sewer spending is significantly above plan due to a substantial increase in SRF funding for FY 2026, which has enabled the acceleration of several projects originally scheduled for later years 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 December 2025. MBO transfers for water totaling \$95.0 million have been transferred to GLWA accounts.

Table 2 – GLWA FY 2026 Sewer MBO Transfers reflects the required transfers for FY 2026 completed through December 2025. MBO transfers for sewer totaling \$123.6 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	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
January 2026								
February 2026								
March 2026								
April 2026								
May 2026								
June 2026								
Total FY 2026	\$ 91,228,002	\$ -	\$ 2,329,602	\$ 1,457,700	\$ -	\$ -	\$ 95,015,304	

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	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
January 2026								
February 2026								
March 2026								
April 2026								
May 2026								
June 2026								
Total FY 2026	\$118,049,352	\$ -	\$ 3,560,100	\$2,032,998	\$ -	\$ -	\$ 123,642,450	

Table 3 – GLWA MBO Transfer History

WATER							
	<u>Operations & Maintenance</u>	<u>Pension Sub Account</u>	<u>Pension Obligation</u>	<u>WRAP</u>	Budget Stabilization (For Benefit of <u>DWSD</u>)	Extraordinary Repair & Replacement (<u>ER&R</u>)	<u>Total Water</u>
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)	91,228,002	-	2,329,602	1,457,700	-	-	95,015,304
Life to Date	\$ 1,430,034,014	\$ 48,362,300	\$ 92,487,577	\$ 24,506,004	\$ 2,686,900	\$ 7,786,000	\$ 1,605,862,795

SEWER							
	<u>Operations & Maintenance</u>	<u>Pension Sub Account</u>	<u>Pension Obligation</u>	<u>WRAP</u>	Budget Stabilization (For Benefit of <u>DWSD</u>)	Extraordinary Repair & Replacement (<u>ER&R</u>)	<u>Total Sewer</u>
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)	118,049,352	-	3,560,100	2,032,998	-	-	123,642,450
Life to Date	\$ 1,997,250,544	\$ 86,620,800	\$ 128,353,209	\$ 34,776,797	\$ 8,246,100	\$ 1,124,600	\$ 2,256,372,049

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 December 2025. MBO transfers for Water totaling \$36.1 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 December 2025. MBO transfers for Sewer totaling \$43.8 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	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
January 2026				
February 2026				
March 2026				
April 2026				
May 2026				
June 2026				
Total FY 2026	\$ 24,841,998	\$ -	\$ 11,250,000	\$ 36,091,998

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	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
January 2026				
February 2026				
March 2026				
April 2026				
May 2026				
June 2026				
Total FY 2026	\$ 30,052,152	\$ -	\$ 13,750,002	\$ 43,802,154

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	24,841,998	-	11,250,000	36,091,998
Offset to Debt Service	-	-	-	-
Total MBO Transfer	24,841,998	-	11,250,000	36,091,998
Life-to-Date				
MBO/Lease Requirement	389,480,402	34,157,100	236,250,000	659,887,502
Offsets	-	-	(31,847,900)	(31,847,900)
Total Water	\$ 389,480,402	\$ 34,157,100	\$ 204,402,100	\$ 628,039,602

* 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	30,052,152	-	13,750,002	43,802,154
Offset to Debt Service	-	-	-	-
Total MBO Transfer	30,052,152	-	13,750,002	43,802,154
Life-to-Date				
MBO/Lease Requirement	566,667,164	22,859,800	288,750,006	877,355,423
Offsets	(7,100,000)	-	(51,780,661)	(57,959,114)
Total Sewer	\$ 559,567,164	\$ 22,859,800	\$ 236,969,345	\$ 819,396,309

* 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:

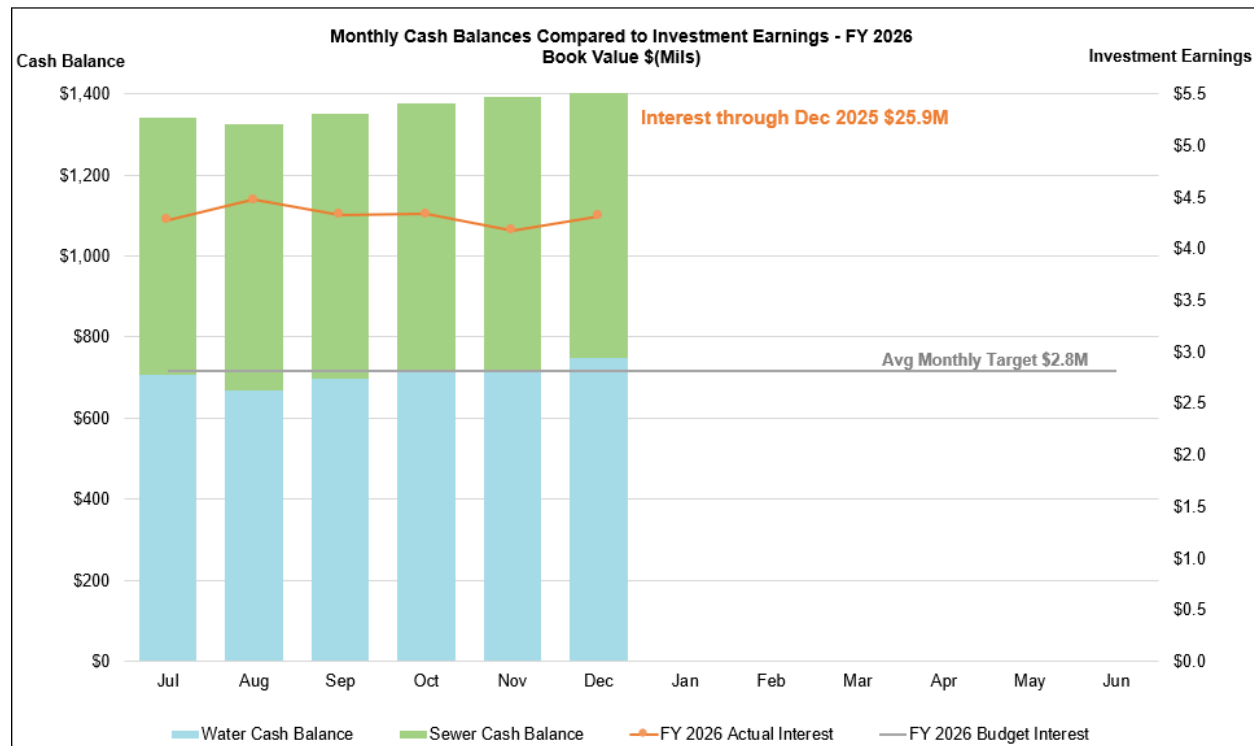
1. Monthly Cash Balances Compared to Investment Income
2. Cash Balance Detail

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 December 2025, GLWA earned investment income of \$4.3 million and cumulative FY 2026 earnings through December 2025 of \$25.9 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 December 2025



\$(Mils)	July	August	September	October	November	December
Water	707	667	697	719	716	748
Sewer	633	659	655	659	676	681
Total	1,340	1,326	1,352	1,377	1,392	1,428
Investment Income	4.3	4.5	4.3	4.3	4.2	4.3

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

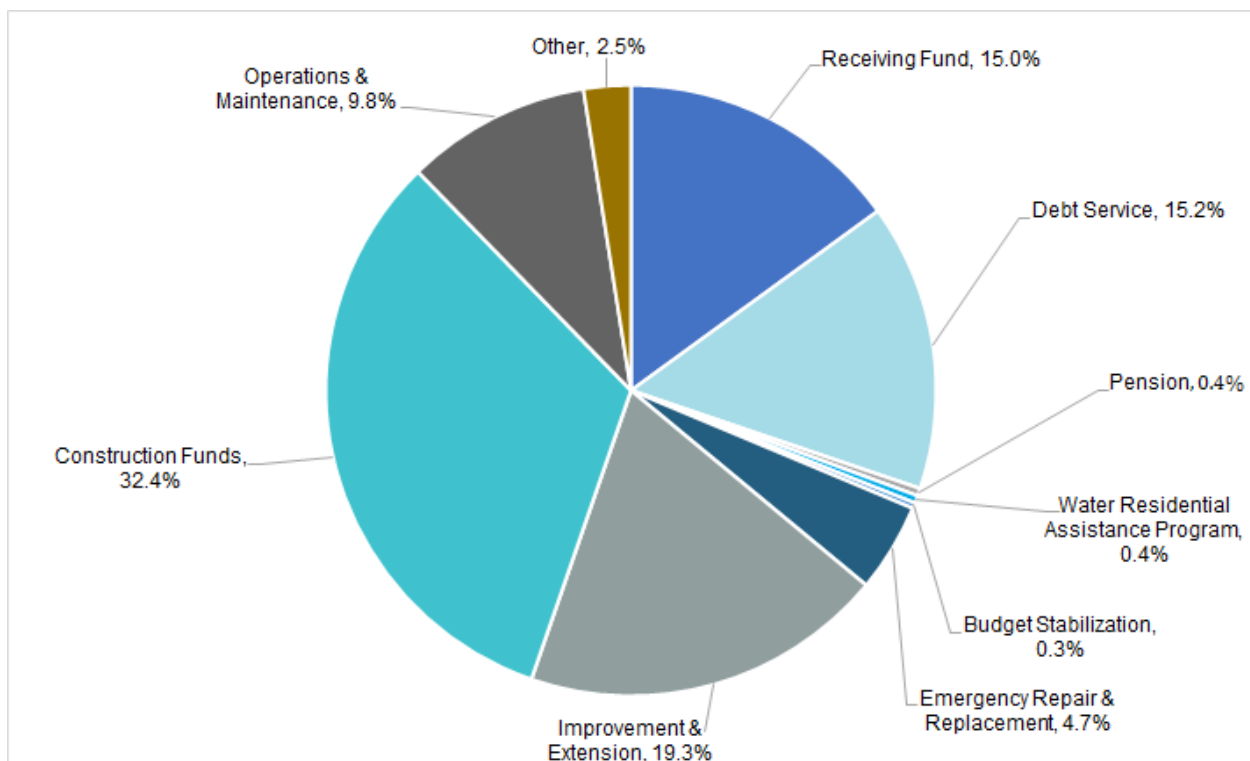
Evergreen Farmington Sewer District recognized as related project work is completed

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 December 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 December 2025 is \$748 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 December 2025

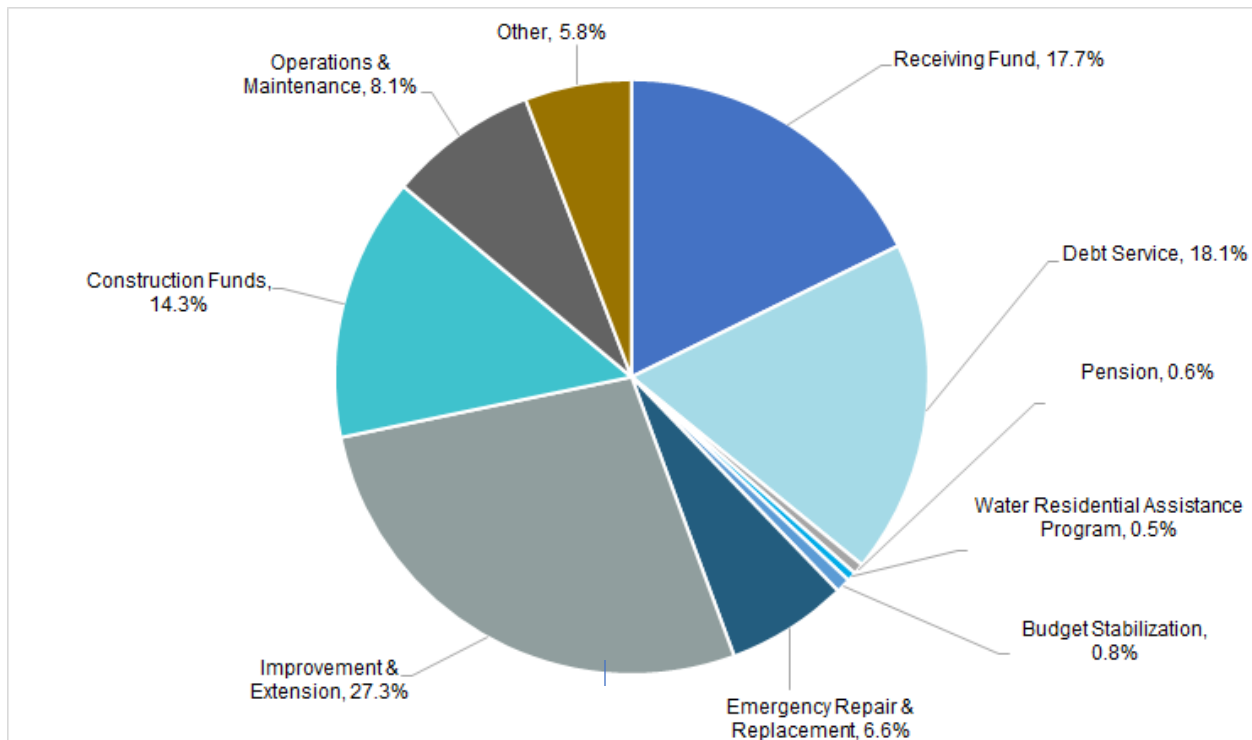


Note: Due to rounding totals may not equal 100%.

Chart 3 – Cash Balances - Sewer Funds as of December 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 December 2025 is \$681 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 December 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 December 31, 2025, the DWSD usage was 100.59% of the budget and billed revenue was 99.66% 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	203,161	10,958,929	161	76,829	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	1,397,134	73,502,064	8,134	(253,836)	2,642,521	136,604,198
<i>Subtotals YTD</i>	<i>1,389,000</i>	<i>73,755,900</i>	<i>1,397,134</i>	<i>73,502,064</i>	<i>8,134</i>	<i>(253,836)</i>		
<i>Achievement of Budget</i>			<i>100.59%</i>	<i>99.66%</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
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%
December	11,046,334	10,277,979	768,355	7.48%
Rolling, 12-Month Total	134,734,231	126,837,796		
Rolling, 12-Month Average	11,227,853	10,569,816		

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 December 31, 2025, the DWSD usage was at 96.41% of the budget and billed revenue was at 96.83% 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 Mcf	Revenue \$	Volume (2) Mcf	Revenue (3) \$	Volume Mcf	Revenue \$	Volume Mcf	Revenue \$
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	162,984	27,880,945	(13,016)	(1,352,155)	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	1,111,612	175,477,689	(41,388)	(5,748,211)	2,157,619	334,637,121
Subtotals YTD	1,153,000	181,225,900	1,111,612	175,477,689	(41,388)	(5,748,211)		
Achievement of Budget/Goal			96.41%	96.83%				

(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
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%
December	25,994,879	23,914,649	2,080,230	8.70%
Rolling 12-Month Total	313,783,755	297,894,605		
Rolling, 12-Month Average	26,148,646	24,824,550		

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 December 31, 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 December 31, 2025, with comparative totals from December 31, 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 December 31, 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	39,029,000	324,867,000	(249,922,000)	74,944,000	58
June 30, 2025 (2)(3)(4)	40,227,000	381,752,000	(310,878,000)	70,873,000	53
Dec 31, 2025	39,668,000	392,367,000	(343,894,000)	48,473,000	37

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 \$16,150,000 was made in December 2025.

(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	978.16	14,539,000 6.1%	8,578,000 3.6%	28,544,000 11.9%	187,686,000 78.4%	239,347,000 100.0%
Commercial	1,037.33	6,961,000 23.3%	2,818,000 9.4%	6,492,000 21.7%	13,649,000 45.6%	29,920,000 100.0%
Industrial	2,608.20	4,934,000 30.6%	1,112,000 6.9%	3,085,000 19.2%	6,974,000 43.3%	16,106,000 100.0%
Tax Exempt	464.86	4,039,000 17.6%	1,290,000 5.6%	2,642,000 11.5%	15,028,000 65.3%	22,999,000 100.0%
Government	2,494.57	3,567,000 17.9%	1,231,000 6.2%	2,738,000 13.7%	12,431,000 62.3%	19,967,000 100.0%
Drainage	-	-	-	-	-	-
Subtotal - Active Accounts	973.75	34,039,000 10.4%	15,029,000 4.6%	43,502,000 13.2%	235,767,000 71.8%	328,338,000 100.0%
Inactive Accounts	159.91	77,000 0.1%	151,000 0.2%	1,408,000 2.2%	62,392,000 97.4%	64,029,000 100.0%
Total	531.95	34,116,000	15,180,000	44,911,000	298,160,000	392,367,000
<i>% of Total A/R</i>		8.7%	3.9%	11.4%	76.0%	100.0%
Water Fund	118.65	9,839,000	3,631,000	11,291,000	62,755,000	87,516,000
Sewer Fund	413.30	24,278,000	11,549,000	33,620,000	235,405,000	304,851,000
Total Dec 31, 2025 (a)	531.95	34,116,000	15,180,000	44,911,000	298,160,000	392,367,000
Water Fund- Allowance						(69,469,000)
Sewer Fund- Allowance						(274,424,000)
Total- Bad Debt Allowance						(343,894,000)
Comparative - Dec 2024 (b)	649.95	35,578,000	18,933,000	53,603,000	238,383,000	346,497,000
Difference (a) - (b)		(1,462,000)	(3,753,000)	(8,692,000)	59,777,000	45,870,000

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 December 31, 2025, the billed usage was at 102.47% of the original plan and billed revenue at 101.34% 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 December 31, 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	31,977,986
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	978,599	29,497,185	16,599	209,685	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	7,118,687	193,210,846	171,287	2,556,446	12,897,411	351,974,691
Subtotals YTD	6,947,400	190,654,400	7,118,687	193,210,846	171,287	2,556,446		

Achievement of Original Plan 102.47% 101.34%

(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
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%
December	34,704,987	33,080,276	1,624,711	4.91%
Rolling 12-Month Total	356,420,138	334,737,555		
Rolling, 12-Month Average	29,701,678	27,894,796		

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 December 31, 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 December 31, 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	24,932,600	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		149,595,600		-		286,606,800
Subtotals YTD		149,595,600		149,595,600		-		
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
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%
December	24,881,961	23,958,644	923,317	3.85%
Rolling, 12-Month Total	292,064,566	271,590,472		
Rolling, 12-Month Average	24,338,714	22,632,539		

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 December 31, 2025.

Table 6 - Wholesale Accounts Receivable Aging Summary, Net Dearborn is the same summary *without* the past due balances for Dearborn. Two water accounts comprise the past due balance of \$109,231 reported of which \$52,286 was paid in January. The Billing Team continues to work with the member partners on the remaining \$56,946 unpaid balance.

All sewer accounts are current in December. The IWC past due balance reflects three accounts totaling \$14,339 of which \$226 was paid in February and \$9,746 in March. 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	42,089,911	33,542,634	115,959	121,606	64,167	8,245,546
Sewer	14,674,329	14,674,329	-	-	-	-
IWC	623,795	609,456	9,972	-	-	4,367
Pollutant	372,915	325,135	9,180	17,901	685	20,013
Total	<u>57,760,950</u>	<u>49,151,554</u>	<u>135,111</u>	<u>139,507</u>	<u>64,851</u>	<u>8,269,926</u>
	100.00%	85.09%	0.23%	0.24%	0.11%	14.32%

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

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	32,793,166	32,683,935	51,792	57,439	-	-
Sewer	14,674,329	14,674,329	-	-	-	-
IWC	623,795	609,456	9,972	-	-	4,367
Pollutant	372,915	325,135	9,180	17,901	685	20,013
Total	<u>48,464,205</u>	<u>48,292,855</u>	<u>70,944</u>	<u>75,340</u>	<u>685</u>	<u>24,381</u>
	100.00%	99.65%	0.15%	0.16%	0.00%	0.05%

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 six months of activity to date.

Water fund receipts exceeded required disbursements by 11% through December 31, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2021.

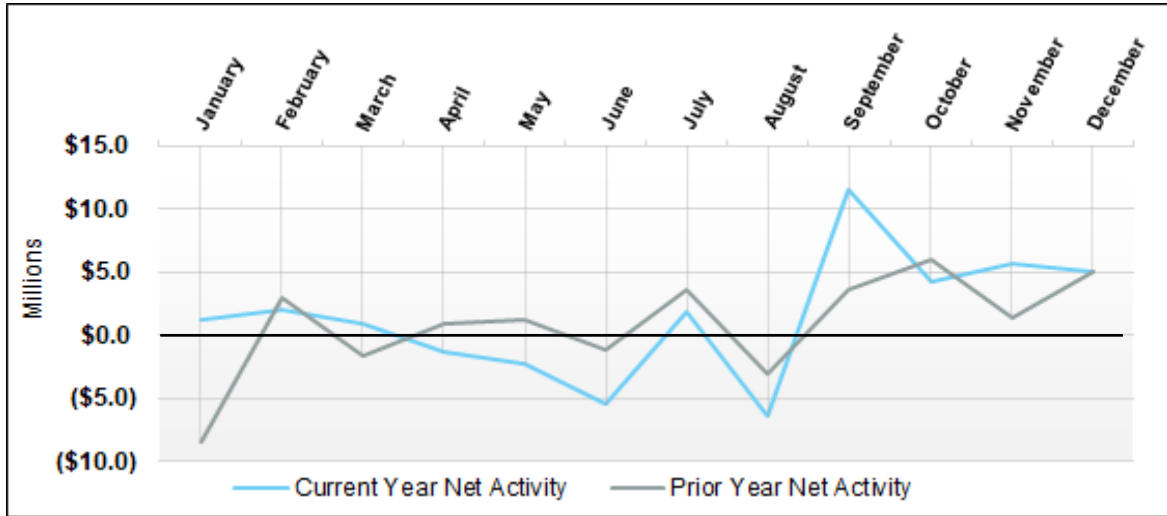
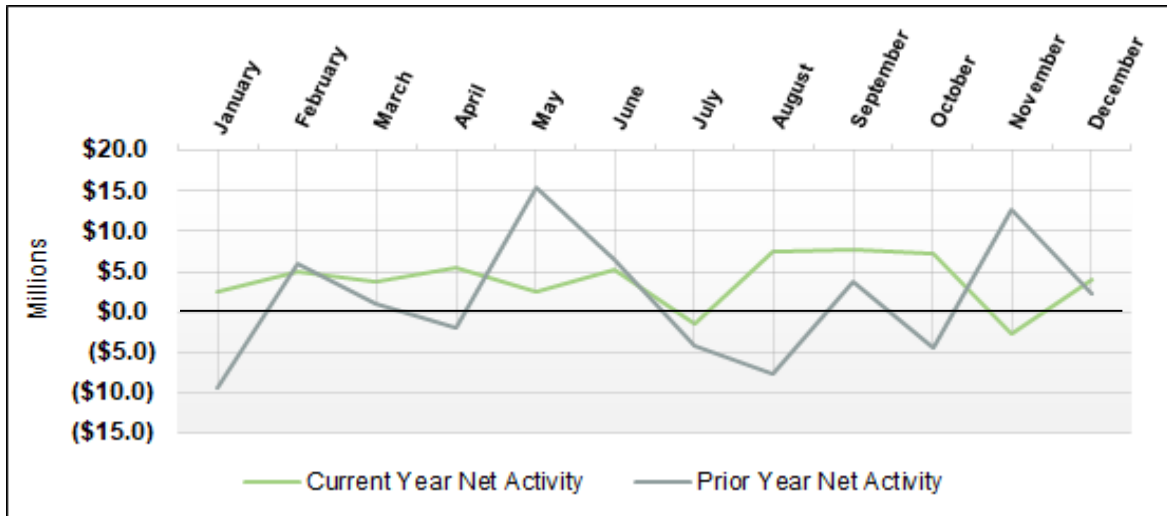
Sewer fund receipts exceeded required disbursements by 9% through December 31, 2025 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2021.

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 December 31
Water					
1 Receipts	338,117,694	363,335,474	374,252,221	379,199,823	216,252,514
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	338,117,694	363,335,474	374,252,221	379,199,823	216,252,514
4 Disbursements	(316,495,360)	(349,186,375)	(353,639,121)	(367,467,244)	(194,369,484)
5 Receipts Net of Required Transfers	21,622,334	14,149,099	20,613,100	11,732,579	21,888,030
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	16,883,030
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	107%	104%	106%	103%	111%
Sewer					
9 Receipts	471,979,297	498,888,416	506,731,576	508,344,972	268,664,402
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	471,979,297	498,888,416	506,731,576	508,344,972	268,664,402
12 Disbursements	(450,701,751)	(473,516,238)	(477,450,794)	(481,372,746)	(246,377,250)
13 Receipts Net of Required Transfers	21,277,546	25,372,178	29,280,782	26,972,226	22,287,152
14 I&E Transfer	(37,651,788)	(26,766,200)	(12,468,000)	(11,455,000)	(45,411,525)
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	(23,124,373)
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	484,916,916
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	810,096,991	862,223,890	880,983,797	887,544,795	484,916,916
22 Disbursements	(767,197,111)	(822,702,613)	(831,089,915)	(848,839,991)	(440,746,734)
23 Receipts Net of Required Transfers	42,899,880	39,521,277	49,893,882	38,704,805	44,170,182
24 I&E Transfer	(64,274,650)	(36,664,300)	(41,086,500)	(19,744,600)	(50,411,525)
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	8,296,578	-	-	-	-
27 Net Receipts	(13,078,192)	2,856,977	8,807,382	18,960,205	(6,241,343)
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 six months of activity to date.

Water fund receipts exceeded required disbursements by 13% through December 31, 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 8% through December 31, 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 December 31
Water					
1 Receipts	101,964,963	123,766,624	123,818,287	127,313,152	72,127,275
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	101,964,963	123,766,624	123,818,287	127,313,152	72,127,275
4 Disbursements	(94,495,601)	(117,666,100)	(117,290,591)	(119,923,334)	(63,890,364)
5 Receipts Net of Required Transfers	7,469,362	6,100,524	6,527,696	7,389,818	8,236,911
6 I&E Transfer	-	-	-	(8,000,000)	-
7 Net Receipts	7,469,362	6,100,524	6,527,696	(610,182)	8,236,911
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	108%	105%	106%	106%	113%
Sewer					
9 Receipts	291,280,896	298,897,942	296,088,194	299,683,584	168,231,470
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	291,280,896	298,897,942	296,088,194	299,683,584	168,231,470
12 Disbursements	(285,256,000)	(283,095,100)	(288,119,517)	(299,393,959)	(156,125,593)
13 Receipts Net of Required Transfers	6,024,896	15,802,842	7,968,677	289,624	12,105,878
14 I&E Transfer	-	-	-	-	-
15 Shortfall Advance from GLWA	-	-	-	-	-
16 Net Receipts	6,024,896	15,802,842	7,968,677	289,624	12,105,878
17 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	102%	106%	103%	100%	108%
Combined					
18 Receipts	393,245,859	422,664,566	419,906,481	426,996,735	240,358,745
19 MOU Adjustments	-	-	-	-	-
20 Adjusted Receipts	393,245,859	422,664,566	419,906,481	426,996,735	240,358,745
21 Disbursements	(379,751,601)	(400,761,200)	(405,410,108)	(419,317,293)	(220,015,957)
22 Receipts Net of Required Transfers	13,494,258	21,903,366	14,496,373	7,679,442	20,342,788
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)	20,342,788
26 <i>Ratio of Receipts to Required Disbursements (Line 20/Line 21)</i>	104%	105%	104%	102%	109%

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

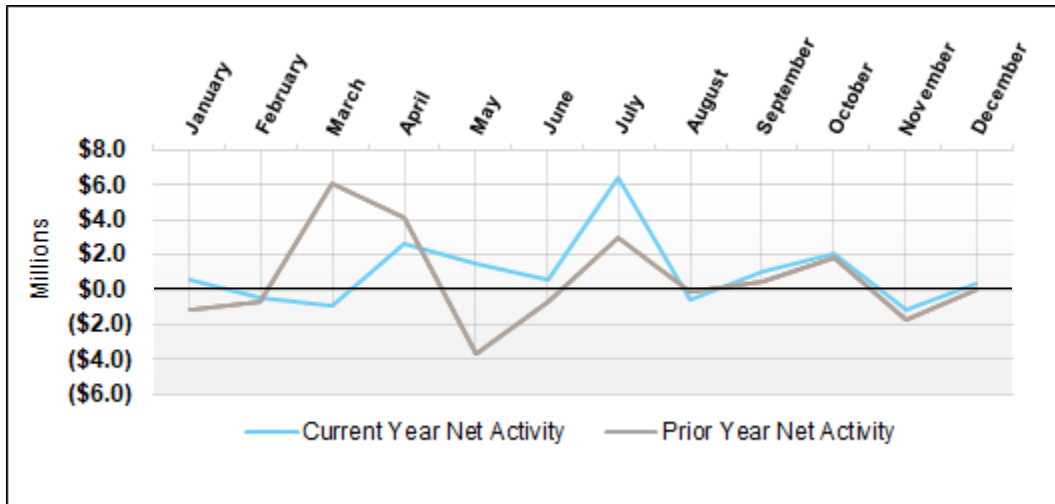
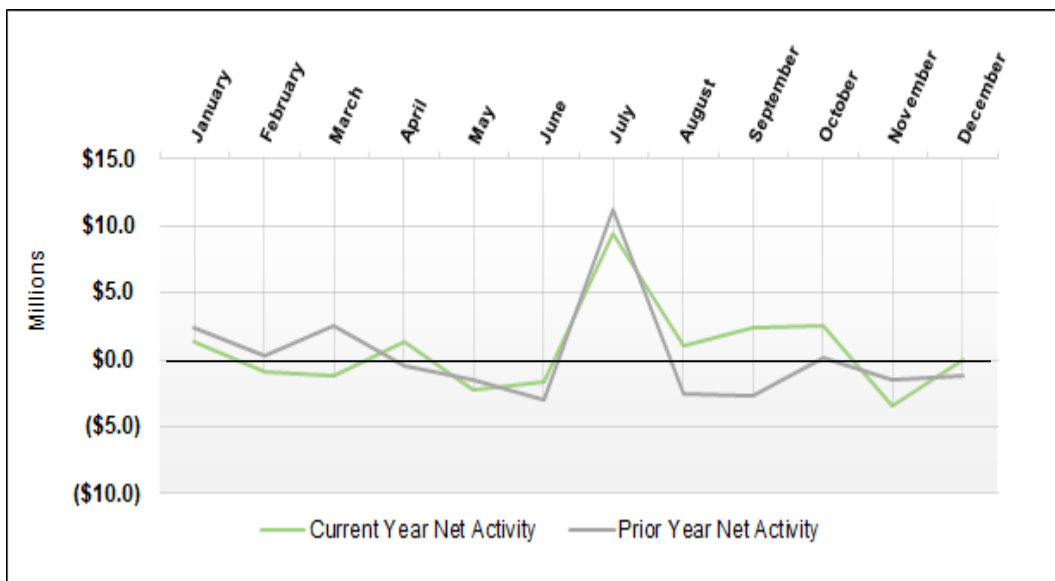


Chart 4 – DWSD 12-Month Net Receipts – Sewer



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 six months of activity to date.

Water fund net receipts exceeded required disbursements by 12% through December 31, 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 December 31, 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 December 31
Water					
1 Receipts	440,082,657	487,102,098	498,070,508	508,868,741	288,379,788
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	440,082,657	487,102,098	498,070,508	508,868,741	288,379,788
4 Disbursements	(410,990,961)	(466,852,475)	(470,929,712)	(487,390,578)	(258,259,848)
Receipts Net of Required					
5 Transfers	29,091,696	20,249,623	27,140,796	21,478,162	30,119,940
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	25,119,940
Ratio of Receipts to Required					
8 Disbursements (Line 3/Line 4)	107%	104%	106%	104%	112%
Sewer					
9 Receipts	763,260,193	797,785,358	802,819,770	808,374,074	436,895,872
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	763,260,193	797,785,358	802,819,770	808,374,074	436,895,872
12 Disbursements	(735,957,751)	(756,611,338)	(765,570,311)	(780,766,706)	(402,502,843)
Receipts Net of Required					
13 Transfers	27,302,442	41,174,020	37,249,459	27,607,369	34,393,030
14 I&E Transfer	(37,651,788)	(26,766,200)	(12,468,000)	(11,455,000)	(45,411,525)
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	(11,018,495)
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	725,275,661
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	1,203,342,850	1,284,887,456	1,300,890,278	1,317,242,815	725,275,661
22 Disbursements	(1,146,948,712)	(1,223,463,813)	(1,236,500,023)	(1,268,157,284)	(660,762,691)
Receipts Net of Required					
23 Transfers	56,394,138	61,423,643	64,390,255	49,085,531	64,512,970
24 I&E Transfer	(64,274,650)	(36,664,300)	(41,086,500)	(27,744,600)	(50,411,525)
25 Shortfall advance	-	-	-	-	-
26 Shortfall Repayment	8,296,578	-	-	-	-
27 Net Receipts	416,066	24,759,343	23,303,755	21,340,931	14,101,445
Ratio of Receipts to Required					
28 Disbursements (Line 21/Line 22)	105%	105%	105%	104%	110%



Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Alicia Schwartz, Grants Manager

Re: Grants, Gifts, and Other Resources Report Through February 28, 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:

- ✓ **2025-001 State and Local Cybersecurity Grant Program (SLCGP) - Cybersecurity Assessment** - Received notification of award for \$80,000.
- ✓ **2025-007 State Revolving Fund Clean Water Initiative/Strategic Water Quality Initiative 5980-01 West Chicago South Stormwater Improvements (DWSD Grant)** - Submitted reimbursement request for \$2.6M.
- ✓ **2026-001 to 2026-006** – Received notification of congressional earmarks for six FY2026 EPA Community Grants totaling \$6.5M. Award agreements are being finalized.

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):

(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⁾.

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.

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

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

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.



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.
2025-002	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.
2026-001	2/2/2026	FY2026 EPA Community Grant - 7 Mile Sewer Rehabilitation (CIP Project 260206)	Federal Grant (Reimbursement Basis)	\$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Contract bidding to begin in July.
2026-002	2/2/2026	FY26 EPA Community Grant - Fox Creek Enclosure	Federal Grant (Reimbursement Basis)	\$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Working with Project Manger to identify costs in next phase.
2026-003	2/2/2026	FY26 EPA Community Grant - Freud & Conner Creek Pump Station Improvements (CIP Project 232005)	Federal Grant (Reimbursement Basis)	\$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Application in process.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2026-004	2/2/2026	FY26 EPA Community Grant - Northwest Interceptor to Oakwood CSO (CIP Project 222001)	Federal Grant (Reimbursement Basis)	\$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Application in process.
2026-005	2/2/2026	FY26 EPA Community Grant - Downriver Loop Water Main Construction (CIP Project 122016)	Federal Grant (Reimbursement Basis)	\$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Working to identify appropriate project.
2026-006	2/2/2026	FY26 EPA Community Grant - 54-Inch Water Main Renewal	Federal Grant (Reimbursement Basis)	\$1,000,000	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.

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 \$783,941 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,	Federal pass-through State	\$90,541	Federal Audit Requirements	Reimbursement request of \$90,541 submitted in

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
		DR-4607 Project 670521 CAT-Z – Allocation of Management Costs	(Reimbursement Basis)			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 meeting held November 20, 2025.
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. \$482,645 of Cost Share work 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.
2025-001	2/25/2026	State and Local Cybersecurity Grant Program (SLCGP) - Cybersecurity Assessments	Federal Grant (Reimbursement Basis)	\$80,000	Federal Audit Requirements	Received notification of award February 25, 2026.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
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 work 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 \$20M.
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.
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	Requested reimbursement of \$2.6M February 2026. 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 February.

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 February.



Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

From: William Baker, Financial Management Professional, Construction Accounting & Reporting

Re: FY 2026 Q2 Construction Work-in-Progress Report through December 31, 2025 (Unaudited)

Background: The quarterly construction work-in-progress (CWIP) provides information and analysis related to the execution of the Great Lakes Water Authority capital improvement program (CIP).

Analysis: The attached documents summarize the FY 2026 Q2 CWIP positions and provide a detailed snapshot to inform decision makers and stakeholders.

Proposed Action: Receive and file this report.



**Construction Work-in-Progress Quarterly Report
(Unaudited)**

As of December 31, 2025

For questions, please contact:

William Baker
Construction Accounting and Reporting
Phone: 313.378.9760
Email: william.baker@glwater.org

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March 27, 2026

To Our Stakeholders:

The contents of this report represent the financial presentation of construction work-in-progress activity for the Great Lakes Water Authority (GLWA) as of December 31, 2025. The information in this report presents a detailed snapshot and is important as we track the execution of the FY 2026–2030 Capital Improvement Plan (CIP) and look to inform decision makers as we evaluate the FY 2027–2031 CIP.

As we continue to refine this report to better communicate pertinent information to inform decision makers and stakeholders, content and formatting may be changed. With the summary of active projects now regularly being reported to the Capital Planning Committee the project highlights previously being reported have been removed from this report.

Report Contents and Organization

Construction Work-in-Progress (CWIP) Appendices: Includes breakdown by jurisdiction which provides a summary of the planned and actual project activity by the jurisdictions identified within the FY 2026 – 2030 Board Approved CIP Plan, detailed CWIP rollforward, which lists all projects in the CIP along with financial activity. These tables may be used to revisit priorities, workload, and phasing. In addition, this section contains project amendment summaries which consider the award of CIP contracts and the related execution thereof may result in deviations from the amount and timing of project activity. Project amendments are prepared to fund the related increase or decrease with either an adjustment to Capital Reserve or Program / Allowance accounts to amend the board approved fiscal year CIP accordingly and to inform decision makers in the development of future Capital Improvement Plans.

Financial Information

All project amounts are unaudited. This means that direct contractor costs are generally included in these totals with most pay estimates entered through December 31, 2025. There may, however, be some pay estimates that lag. The totals do not include indirect overhead.

Budget vs. Plan

Generally, GLWA's CIP projects span two or more fiscal years. The GLWA Board of Directors adopts a biennial "budget" and a five-year capital improvement "plan".

- ✓ The adopted **budget** relates to operations and maintenance expenses, annual fixed commitments such as debt service, and incremental adjustments to reserves. The budget provides authority to spend within defined amounts. The budget is also referred to as the "revenue requirement" for the utility.
- ✓ After contracts are awarded at amounts variant from the CIP plan and more reliable anticipated spend data becomes available, the amended budget for the current fiscal year may increase or decrease by way of "Capital Reserve" budget amendments.
- ✓ The five-year capital improvement **plan** is a rolling plan that is updated at an administrative tracking level as projects move from estimated to actual bid numbers. An updated mid-cycle CIP would be presented to the Board for approval if the prioritization strategy was revised and/or the plan was in need of material revisions.
- ✓ 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.

Executive Summary

The rate of spend is a key performance indicator. The development of the FY 2026-2030 and related CIP Plan for FY 2026 were based on anticipation of FY 2026 activity resulting in 100% of planned spend for the Water system and 90% of planned spend for the Wastewater system.

The Water System spend for the period ending December 31, 2025, is 56.9% of the FY 2026 board approved CIP, 56.9% of the FY 2026 board approved CIP with project amendments, 56.9% of the FY 2026 CIP - Capital Spending Rate Assumption (SRA) and 56.9% of the FY 2026 CIP with project amendments - capital spending rate assumption (SRA).

Water System Projects	FY 2025	FY 2025 Activity	FY 2025 Percentage	FY 2026	FY 2026 Prorated (Six Months)	FY 2026 Activity (Unaudited)	FY 2026 Percentage
<i>(in millions)</i>							
FY 2024 Board Approved CIP	\$ 207.3	\$ 158.7	76.6%				
FY 2024 Board Approved CIP With Project Amendments	207.9	158.7	76.3%				
FY 2024 Capital Spend Rate Assumption (SRA) - Approved	207.3	158.7	76.6%				
FY 2024 Capital Spend Rate Assumption (SRA) - Adjusted	207.3	158.7	76.6%				
CIP Approved February 26, 2025				\$ 183.0	\$ 91.5	\$ 52.1	56.9%
CIP with Budget Amendments				183.0	91.5	52.1	56.9%
CIP - Capital Spend Rate Assumption (100%)				183.0	91.5	52.1	56.9%
CIP with Budget Amendments - Capital Spend Rate Assumption (100%)				183.0	91.5	52.1	56.9%

Executive Summary (Continued)

The Wastewater System spend for the period ending December 31, 2025, is 116.1% of the FY 2026 board approved CIP, 85.1% of the FY 2026 board approved CIP with project amendments, 129.1% of the FY 2026 CIP - capital spending rate assumption (SRA) and 94.6% of the FY 2026 CIP with project amendments - capital spending rate assumption (SRA).

Wastewater System Projects	FY 2025	FY 2025 Activity	FY 2025 Percentage	FY 2026	FY 2026	FY 2026	FY 2026
					Prorated (Six Months)	Activity (Unaudited)	Percentage
<i>(in millions)</i>							
FY 2024 Board Approved CIP	\$ 169.2	\$ 175.7	103.8%				
FY 2024 Board Approved CIP With Project Amendments	179.5	175.7	97.9%				
FY 2024 Capital Spend Rate Assumption (SRA) - Approved	169.2	175.7	103.8%				
FY 2024 Capital Spend Rate Assumption (SRA) - Adjusted	169.2	175.7	103.8%				
CIP Approved February 26, 2025				\$ 193.2	\$ 96.6	\$ 112.2	116.1%
CIP with Budget Amendments				263.7	131.9	112.2	85.1%
CIP - Capital Spend Rate Assumption (90%)				173.9	86.9	112.2	129.1%
CIP with Budget Amendments - Capital Spend Rate Assumption (90%)				237.3	118.7	112.2	94.6%

Appendix A - Construction Work-in-Progress Rollforward Summaries by Jurisdiction

The purpose of the construction work-in-progress (CWIP) summary rollforward by jurisdiction is to provide a high-level overview of the financial status of the projects identified within the current board approved CIP by their jurisdiction. Within the FY 2026 – 2030 Board Approved CIP Plan, projects are identified and categorized as either City of Detroit, Wayne County - Outside Detroit, Lapeer County, Macomb County, Oakland County, Saint Clair County or Multiple Counties and reflected accordingly in this report.

\$595.5 million is in CWIP as of December 31, 2025 as shown for the Water System in A1 - Water - CWIP Rollforward by Jurisdiction

\$603.1 million is in CWIP as of December 31, 2025 as show for the Wastewater System in A2 - Wastewater - CWIP Rollforward by Jurisdiction

The order of these appendices on the subsequent pages are in ascending by jurisdiction alphabetically.

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority

A1 - Water System Construction Work-in-Progress (CWIP) FY 2026 Rollforward Summary By Jurisdiction

Unaudited Activity For the Fiscal Quarter Ended December 31, 2025

(in thousands)

Jurisdiction	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	CWIP Balance December 31, 2025
City of Detroit	688,819	89,320	24,096	24,096	10,682	97,924
Lapeer County	143,236	5,579			2	5,581
Mutiple Counties	781,213	181,499	77,924	77,924	25,136	206,635
Oakland County	537,789	147,526	673	673	2,389	149,916
Saint Clair County	381,858	31,121	45,726	45,726	5,446	36,568
Wayne County - Outside Detroit	1,189,053	92,861	34,645	34,645	8,418	98,923
Grand Total	\$3,721,969	\$547,906	\$183,064	\$183,064	\$52,073	\$595,546

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority

A2 - Wastewater System Construction Work-in-Progress (CWIP) FY 2026 Rollforward Summary By Jurisdiction

Unaudited Activity For the Fiscal Quarter Ended December 31, 2025

(in thousands)

Jurisdiction	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	CWIP Balance December 31, 2025
City of Detroit	3,467,949	292,180	132,091	177,210	67,750	359,930
Mutiple Counties	487,856	193,408	59,805	85,190	44,106	237,514
Wayne County - Outside Detroit	147,365	5,261	1,325	1,294	377	5,638
Grand Total	\$4,103,170	\$490,850	\$193,221	\$263,694	\$112,233	\$603,082

Appendix B - Construction Work-in-Progress Rollforwards

The purpose of the construction work-in-progress (CWIP) rollforward is to analyze the current year activity for each project in relation to the overall capital improvement program as well as the project portfolio overall.

As part of our project life cycle review the Construction Accounting team identifies when it is appropriate for projects to be capitalized. Projects are to be capitalized when they have been completed in totality or are inclusive of identifiable assets that have been placed in service.

The following projects reached completion or readiness for use and were capitalized in Q2 FY2026:

PRJ-114011 Springwells WTP Steam, Condensate Return, and Compressed Air Piping Improvements

\$595.5 million is in CWIP as of December 31, 2025, as shown for the Water System in B1 - Water - Detailed CWIP Rollforward

\$603.1 million is in CWIP as of December 31, 2025, as shown for the Wastewater System in B2 - Wastewater - Detailed CWIP Rollforward

The order of these appendices on the subsequent pages are in ascending order by Project Category followed by CIP project number.

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B1 - Water System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	FY 2026 Capitalizations and Other Activity through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations and Other Activity	Life to Date Activity through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
Field Services - Water	\$587,351	\$224,892	\$34,660	\$34,660	\$16,131		\$241,022	\$59,256	\$300,279	51%
Programs - Water	542,942	75,382	57,838	57,838	11,191		86,573	52,572	139,145	26%
Systems Control Center	760,507	64,382	949	949	3,402		67,784	30	67,814	9%
Water Treatment Plants & Facilities	1,797,791	183,251	89,617	89,617	21,349	4,434	200,167	159,386	359,553	20%
Programs - Centralized Services	33,378									0%
Grand Total	\$3,721,969	\$547,906	\$183,064	\$183,064	\$52,073	\$4,434	\$595,546	\$271,244	\$866,790	23%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B2 - Wastewater System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board	FY 2026 Activity	FY 2026	CWIP Balance December 31, 2025	Life to Date	Life to Date Activity	Life to Date
				Approved CIP With Project Amendments	through December 31, 2025	Capitalizations And Other Activity Through December 31, 2025		Capitalizations And Other Activity	Through December 31, 2025	Activity / Total Project Plan Estimate
CSO Facilities	\$264,828	25,901	\$12,079	\$9,121	\$2,382		\$28,283	\$389	\$28,672	11%
Field Services - Wastewater	212,086	94,585	32,345	45,575	20,896		115,480		115,480	54%
Programs	574,821	207,078	53,556	61,556	29,111		236,188	43,364	279,552	49%
Systems Control Center	625,160	32,229	25,092	43,928	11,974		44,203	50,818	95,021	15%
Water Resource Recovery Facility	2,426,275	131,057	70,148	103,514	47,871		178,928	46,364	225,292	9%
Grand Total	\$4,103,170	\$490,850	\$193,221	\$263,694	\$112,233		\$603,082	\$140,935	\$744,018	18%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B3 - Water System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	FY 2026	CWIP Balance December 31, 2025	Life to Date Capitalizations and Other Activity	Life to Date Activity through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
								Capitalizations and Other Activity through December 31, 2025				
Field Services - Water												
	122004	96-inch Main Relocation, Isolation Valves Installations, and New Parallel Main	\$239,332	\$119,900	\$27,066	\$27,066	\$15,787		\$135,687	\$149	\$135,836	57%
	122005	Replacement Schoolcraft Watermain		(0)					(0)	16,947	16,947	0%
	122006	Transmission System Water Main Work-Wick Road Parallel Water Main	26,251	5,500					5,500	20,751	26,251	100%
	122007	Design and Construction of a new Newburgh Road 24" Main along Newburgh Road between Ch	27,216	325	193	193	62		387		387	1%
	122013	Lyon Township Transmission Main Extension Project	115,337	93,826					93,826	17,511	111,337	97%
	122016	Downriver Transmission Loop	97,138	3,966	5,007	5,007	252		4,218		4,218	4%
	122017	7 Mile/Nevada Transmission Main Rehab and Carrie/Nevada Flow Control Station	13,161	0					0	3,898	3,898	30%
	122019	Jefferson Main Replacement	43,136	1,374					1,374		1,374	3%
	122020	Concord and Nevada Flow Control Valves	8,594		781	781	31		31		31	0%
	122021	Grosse Pointe Woods - HW: Harper Woods 24" Main	7,077		776	776						0%
	122023	Adams Road Transmission Main	10,110		837	837						0%
Field Services - Water Total												
			587,351	224,892	34,660	34,660	16,131		241,022	59,256	300,279	51%
Programs - Water												
	170300	Water Treatment Plant Automation Program	23,317									0%
	170302	SW WTP SCADA Improvements	8,267	9,279	124	124	470		9,749		9,749	118%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B3 - Water System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	FY 2026 Capitalizations and Other Activity through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations and Other Activity	Life to Date Activity through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
Programs - Water												
	170304	WWP WTP SCADA Upgrade		651					651		651	0%
	170305	WWP SCADA Network Upgrade	7,542									0%
	170306	SPW SCADA PLC Network Upgrade	6,780		3,825	3,825	111		111		111	2%
	170400	Water Transmission Improvement Program	32,175									0%
	170500	Transmission System Valve Assessment and Rehabilitation/Replacement Program	59,296		2,735	2,735						0%
	170503	Transmission System Valve Assessment and Rehabilitation/Replacement B	16,167	2,094	5	5	2		2,097	14,054	16,150	100%
	170504	Repair of WTM, Valves, & Priority Repair	18,602	9,972	3,869	3,869	282		10,254		10,254	55%
	170506	Water Transmission Main, Valves, & Other	15,165	790	3,306	3,306	1,122		1,912		1,912	13%
	170600	Water Transmission Main Asset Assessment Program	40,459		1,611	1,611						0%
	170601	Linear System Integrity Program	29,507	2,604	43	43	772		3,375		3,375	11%
	170602	36" 24 Mile Rd. Transmission Main Condit	23,081	20,325	18,370	18,370	827		21,151		21,151	92%
	170603	Transmission Main Condition Assessment	7,077		6,101	6,101						0%
	170604	96-inch Transmission Main Condition Assessment	12,132									0%
	170607	42", Tyler-North, Van Buren Two					5		5		5	0%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B3 - Water System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	FY 2026 Capitalizations and Other Activity through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations and Other Activity	Life to Date Activity through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
Programs - Water												
	170608	14 Mile Road Emergency Response & Condition Assessment					233		233		233	0%
	170801	Reservoir Inspection, Design and Rehabilitation	25,384							25,265	25,265	100%
	170802	Reservoir Inspection, Design	55,682	21,097	13,623	13,623	6,032		27,128	5,543	32,671	59%
	170803	Reservoir Inspection, Design, and Construction Mangement Services Phase III	78,849	10			73		83		83	0%
	170900	Suburban Water Meter Pit Rehabilitation and Meter Replacement Program	43,901									0%
	170901	Suburban Water Meter Pit Rehabilitation and Meter Replacement		4,708					4,708	7,703	12,411	0%
	170904	Phase II Wholesale Water Meter Pit Rehab	15,859	3,853	4,206	4,206	1,262		5,115	7	5,122	32%
	170906	Repurpose Abandoned Meter Pits	2,520									0%
	170907	GLWA New Water Master Meter FL-01 Vault Upgrade and Rightsizing	2,520		19	19						0%
	171500	Roof Replacement - Var Facilities Program	15,948									0%
	171502	Lake Huron and Southwest Roof Replacement	2,710									0%
Programs - Water Total												
			542,942	75,382	57,838	57,838	11,191		86,573	52,572	139,145	26%
Systems Control Center												
	132007	Energy Management: Freeze Protection Pump Installation at Imlay Pumping Station	5,268	5,309			2		5,311		5,311	101%
	132010	West Service Center/Duval Rd Division Valve Upgrades	47,782	46,934	343	343	4		46,937		46,937	98%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B3 - Water System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	FY 2026 Capitalizations and Other Activity through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations and Other Activity	Life to Date Activity through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
Systems Control Center												
	132012	Ypsilanti PS Improvements	42,756	2,572					2,572		2,572	6%
	132014	Adams Road Booster Pumping Improvements	61,759	102					102		102	0%
	132015	Newburgh BPS	62,734	2,466	276	276	1,010		3,477	30	3,507	6%
	132016	North Service Center BPS Improvements	251,994	6,569	330	330	2,386		8,955		8,955	4%
	132018	Schoolcraft BPS	24,691									0%
	132019	Wick Road BPS - Switchgear	24,780	65					65		65	0%
	132020	Franklin BPS - Isolation Gate Valves	60,918	95					95		95	0%
	132021	Imlay BPS - Replace VFDs, Pumps & Motors	137,968	270					270		270	0%
	132022	Joy Road BPS - Replace Reservoir Pumps	39,857									0%
Systems Control Center Total			760,507	64,382	949	949	3,402		67,784	30	67,814	9%
Water Treatment Plants & Facilities												
	111001	Energy Management: Lake Huron Water Treatment Plant Low Lift Pumping Improvements	150,515	6,599	13,178	13,178	1,215		7,814		7,814	5%
	111006	Replacement of Filter Instrumentation and Raw Water Flow Metering Improvements at Lake	78,142	6,438	21,196	21,196	3,433		9,871		9,871	13%
	111008	LHWTP Architectural Programming - Lab	782									0%
	111009	Lake Huron WTP-35 MGD HLP, Flow Meters	31,223	16,092	7,501	7,501	(1,012)		15,080		15,080	48%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B3 - Water System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	FY 2026 Capitalizations and Other Activity through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations and Other Activity	Life to Date Activity through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
Water Treatment Plants & Facilities	111010	Lake Huron Water Treatment Plant -Filtration and Pretreatment Improvements	58,639									0%
	111011	Lake Huron WTP Pilot Plant	3,157	4				4	3,076	3,080		98%
	111012	LHWTP-Flocculation Improvements	49,345	1,984	3,850	3,850	1,810	3,794		3,794		8%
	111013	LH WTP Fireloop & Plant Water Improvements	10,055	4				4		4		0%
	112003	NE WTP High Lift Pumping Electrical	171,676	562				562		562		0%
	112006	Northeast Water Treatment Plant Flocculator Replacements	13,463	7,221	2,301	2,301	1,399	8,620		8,620		64%
	112007	NE WTP Structural Repair of Slab and Bea	6,685	251	2,166	2,166	6	257		257		4%
	112008	Northeast WTP Filter Replacement	94,631	267	3,841	3,841	26	293		293		0%
	112009	Northeast Sedimentation Basins Sludge Processing Facility		439				439		439		0%
	113003	Replacement of Butterfly Valves	162,110									0%
	113007	Architectural and Building Mechanical	8,641	4				4		4		0%
	113009	SW WTP Flight and Chain Upgrades	5,127	4,079			653	4,732		4,732		92%
	113010	SW WTP Flocculation Improvements	22,225	34	1,191	1,191	23	57		57		0%
	114002	Springwells Water Treatment Plant - Low Lift and High Lift Pump Station	315,778	55,873	16,403	16,403	4,075	59,948	17,553	77,501		25%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B3 - Water System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	FY 2026 Capitalizations and Other Activity through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations and Other Activity	Life to Date Activity through December 31, 2025	Life to Date Activity / Total Project Plan Estimate	
Water Treatment Plants & Facilities	114005	Springwells WTP Admin Building Improvements	7,138	1,321					1,321		1,321	18%	
	114008	1930 Sedimentation Basin Sluice Gates, Guides & Hoists Improvements at Springwells WTP	13,225							13,202	13,202	100%	
	114010	Yard Piping Improvements	218,615	1,811					1,811		1,811	1%	
	114011	Steam, Condensate Return, and Compressed Air Piping Improvements at Springwells WTP	28,364	2,356				2,356		26,712	26,712	94%	
	114017	Springwells Water Treatment Plant Flocculator Drive Replacement	27,831	3,211	6,013	6,013	1,762		4,974	11,961	16,934	61%	
	114018	Springwells Water Treatment Plant - Service Building Electrical Substation and Miscellaneous Improvements	2,341										0%
	115001	Yard Piping, Valves and Venturi Meters Replacement at Water Works Park	56,073	46,516	2,748	2,748	1,315		47,830	4,074	51,904	93%	
	115005	WWP WTP Building Ventilation Improvements	16,999	15,814			940		16,754		16,754	99%	
	115006	Water Works Park Site/Civil Improvements	5,896										0%
	115007	Water Works Park High Lift Pumping Station Modernization	115,090										0%
	115009	Water Works Park Sedimentation Basins Structural Upgrades	16,846										0%
	116002	Pennsylvania, Springwells and Northeast Raw Water Supply Tunnel Improvements based on	98,757	10,295	8,053	8,053	5,704		15,999	80,730	96,728	98%	
	116005	Belle Isle Seawall Rehabilitation	2,191	2,078					2,078		2,078	95%	
	116006	Belle Isle Intake System Rehabilitation and Improvements	2,222										0%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B3 - Water System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	FY 2026 Capitalizations and Other Activity through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations and Other Activity	Life to Date Activity through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
Water Treatment Plants & Facilities	116007	System Electrical Power Improvements	4,010		1,174	1,174						0%
Water Treatment Plants & Facilities	Total		1,797,791	183,251	89,617	89,617	21,349	4,434	200,167	159,386	359,553	20%
Programs - Centralized Services	381000	Energy Management: Electric Metering Improvement Program	10,110									0%
Programs - Centralized Services	383300	Masonry Replacement and Rehabilitation Program	23,268									0%
Programs - Centralized Services	Total		33,378									0%
Grand Total			\$3,721,969	\$547,906	\$183,064	\$183,064	\$52,073	\$4,434	\$595,546	\$271,244	\$866,790	23%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B4 - Wastewater System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	Capitalizations And Other Activity Through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations And Other Activity	Life to Date Activity Through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
CSO Facilities												
	270001	Pilot CSO Netting Facility	\$37,937	\$99	\$1,027	\$873	\$252		\$350		\$350	1%
	270002	Meldrum Sewer Diversion and VR-15 Improvements	9,354	3		65	27		30		30	0%
	270003	Long Term CSO Control Plan	9,576									0%
	270004	Oakwood Lieb CSO Facility Improvement	59,536	6,458	2,393	2,288	1,414		7,872		7,872	13%
	270006	Control System Upgrades - Baby Creek/Belle	20,856	3,282	3,294	649	89		3,371		3,371	16%
	270007	Disinfection System Improvements at CSO	16,530	95	843	853	14		109		109	1%
	270008	Flushing System Improvements at Conner Creek and St. Aubin CSO Facilities	7,070									0%
	270009	Site Improvements at St. Aubin, Belle Isle, and Baby Creek CSO Facilities	1,390	8		8	13		20		20	1%
	270010	HVAC Improvements at Puritan Fenkell and Seven Mile CSO Facilities	6,629	30	462	453	18		49		49	1%
	270011	HVAC Improvements at Conner Creek and Belle Isle CSO Facilities	5,804									0%
	270012	Control System Upgrades at Conner Creek, Oakwood, and Puritan Fenkell CSO Facilities	1,675									0%
	270013	Facility Improvements at Puritan Fenkell and Seven Mile CSO Facilities	902									0%
	270014	Convert to Complete Capture Basin CSO Fa	4,482									0%
	273001	Hubbell Southfield CSO Facility Improvement	64,243	5,261	1,325	1,294	377		5,638		5,638	9%
	273002	CSO Hubbell Southfield VR-8 Gate Improvements	1,786									0%
	277001	Baby Creek Outfall Improvements Project	16,313	10,666	2,735	2,638	179		10,844	389	11,233	69%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B4 - Wastewater System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	Capitalizations And Other Activity Through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations And Other Activity	Life to Date Activity Through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
CSO Facilities												
	277002	Baby Creek CSO Facility Influent Flushing System	745									0%
CSO Facilities Total												
			264,828	25,901	12,079	9,121	2,382		28,283	389	28,672	11%
Field Services - Wastewater												
	222001	Intercommunity Relief Sewer Modifications in Detroit Oakwood District	87,934	15,306	22,987,279	34,389,828	17,281,462	0	32,588	0	32,588	37%
	222002	Detroit River Interceptor Evaluation and Rehabilitation	119,603	77,029	8,293,978	8,885,916	2,489,113	0	79,518	0	79,518	66%
	222008	North Interceptor East Arm (NIEA)	4,550	2,250	1,063,939	2,299,500	1,125,000	0	3,375	0	3,375	74%
Field Services - Wastewater Total												
			212,086	94,585	32,345	45,575	20,896		115,480		115,480	54%
Programs												
	260201	Conveyance System Interceptor Rehab	39,032	19,906	-	263,313	-	0	19,906	18,542	38,448	99%
	260204	Energy Services for Rehabilitation of Conveyance Sewer System	54,394	38,662	10,453,976	5,486,937	3,869,320	0	42,532	0	42,532	78%
	260205	NWI Outfall Rehabilitation	9,348	6,923	-	2,537,551	594	0	6,924	0	6,924	74%
	260206	Conveyance System Rehabilitation - Interceptors	39,837	10,754	9,282,235	1,792,581	(59,506)	0	10,695	0	10,695	27%
	260207	Rehabilitation of Woodward Sewer System	22,925	19,593	-	2,954,877	14,363	0	19,607	0	19,607	86%
	260209	Sewer Repair Contract - As Needed	14,965	7,863	5,244,785	11,706,616	11,393,629	0	19,257	0	19,257	129%
	260210	Linwood/Lonyo/Ashland/2nd Ave/Shiawassee	43,326	2,178	2,239,844	210,504	666,006	0	2,844	0	2,844	7%
	260211	Sewer Repair Contract II	6,066	6	2,368,439	2,436,186	318,044	0	324	0	324	5%
	260505	Rehabilitation of Outfalls - Phase IV	0	4	-	-	-	0	4	5,710	5,713	0%
	260508	B-39 Outfall Rehab	10,984	10,461	-	-	-	0	10,461	0	10,461	95%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B4 - Wastewater System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	Capitalizations And Other Activity Through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations And Other Activity	Life to Date Activity Through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
Programs												
	260509	B-40 Outfall Rehab	0	113	-	-	-	0	113	0	113	0%
	260510	Conveyence System Rehabilitation - Outfalls	25,252	11,093	7,276,539	3,628,162	1,998,164	0	13,091	0	13,091	52%
	260614	CSO Facilities Structural Improvements	16,664	14,541	855,192	3,890,609	634,434	0	15,176	0	15,176	91%
	260618	Oakwood HVAC Improvements	6,211	0	-	-	-	0	0	6,211	6,211	100%
	260619	Control System Upgrade At St. Aubin, Lieb and 7 Mile	7,974	5,582	776,384	1,882,964	1,858,656	0	7,440	0	7,440	93%
	260621	Connor Creek Berm Improvements	0	2	-	-	-	0	2	2,245	2,247	0%
	260622	CSO Facilities Emergency Generator Improvements	1,223	0	-	-	-	0	0	1,110	1,110	91%
	260623	Baby Creek Screen Rehabilitation	2,275	1	-	-	-	0	1	2,277	2,277	100%
	260624	Baby Creek Chemical Tansk Replacement (TOE) T2-43 Replacement - Installation	5,150	1,420	3,250,147	3,805,631	1,070,243	0	2,491	0	2,491	48%
	260701	Conveyance System Infrastructure Improvements	58,453	46,535	5,196,077	11,922,435	5,362,453	0	51,897	0	51,897	89%
	260800	WRRF Roof Replacement Program	14,862	0	-	-	-	0	0	0	0	0%
	260802	2022 WRRF Roof Improvements Project	4,751	3,995	331,100	518,985	14,543	0	4,009	0	4,009	84%
	260803	WRRF Roof Improvements - Phase II	3,532	0	134,058	134,058	-	0	0	0	0	0%
	260900	WRRF Facility Optimization Program	85,935	0	67,970	-	-	0	0	0	0	0%
	260901	Rehab. Hazmat Facility at WRRF	3,857	6	-	87,770	82,608	0	89	3,718	3,807	99%
	260902	WRRF Renovation of 4th Floor	3,552	16	-	-	-	0	16	3,552	3,568	100%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B4 - Wastewater System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	Capitalizations And Other Activity Through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations And Other Activity	Life to Date Activity Through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
Programs												
	260903	WRRF Front Entrance Rehab.	7,583	0	1,573,411	4,621,778	1,621,496	0	1,621	0	1,621	21%
		OMID	0	4,554	-	-	-	0	4,554	0	4,554	0%
	260904	WRRF 3rd Floor Renovation	9,390	196	3,818,468	2,602,205	106,607	0	302	0	302	3%
	260905	WRRF Plumbing Shop Rehab	2,688	2,421	-	425,424	108,534	0	2,530	0	2,530	94%
	261000	WRRF Rehabilitation of Secondary Clarifiers	39,337	0	-	-	-	0	0	0	0	0%
	261001	Rehabilitation of Secondary Clarifiers	35,256	251	687,667	647,888	50,338	0	302	0	302	1%
Programs Total			574,821	207,078	53,556	61,556	29,111		236,188	43,364	279,552	49%
Systems Control Center												
	232001	Fairview Pumping Station - Replace Four Sanitary Pumps	44,742	4	-	-	-	0	4	44,714	44,718	100%
	232002	Connor Creek Pump Station Improvements	348,099	14,522	7,600,731	6,067,547	2,371,322	0	16,894	6,104	22,997	7%
	232005	Freud Pump Station Improvements	150,983	17,702	17,491,735	37,860,140	9,603,031	0	27,305	0	27,305	18%
	233003	Rouge River In-system Storage Devices	81,336	0	-	-	-	0	0	0	0	0%
Systems Control Center Total			625,160	32,229	25,092	43,928	11,974		44,203	50,818	95,021	15%
Water Resource Recovery Facility												
	211002	Pump Station No. 2 Pumping Improvments	4,002	758	4,495	309,518	5,877	0	764	2,676	3,440	86%
	211005	Pump Station No. 2 Improvements	86,034	1,608	1,781,607	274,976	32,579	0	1,641	0	1,641	2%
	211006	Pump Station No. 1 Improvements	114,108	43,354	13,383,424	27,664,680	7,426,037	0	50,780	0	50,780	45%
	211007	Replacement of Bar Racks and Grit Collection System at Pump Station No. 2	243,125	14,314	6,502,084	34,461,820	21,315,825	0	35,630	0	35,630	15%

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B4 - Wastewater System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	Capitalizations And Other Activity Through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations And Other Activity	Life to Date Activity Through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
Water Resource Recovery Facility	211008	Rehabilitation of Ferric Chloride Feed systems at the Pump Station -1 and Complex B Sludge Lines	13,416	1	-	570,544	13,532	0	15	12,870	12,885	96%
	211009	Rehabilitation of the Circular Primary Clarifier Scum Removal System	23,230	643	-	2,601	4,967	0	648	0	648	3%
	211010	Rehabilitation of Sludge Processing Complexes A and B	14,104	94	-	-	-	0	94	0	94	1%
	211011	WRRF PS1 Screening and Grit Improvements	307,732	4,869	1,286,844	881,687	560,271	0	5,430	0	5,430	2%
	212008	WRRF Rehabilitation of Intermediate Lift	213,745	19,318	12,042,183	11,681,941	4,629,356	0	23,948	0	23,948	11%
	212009	WRRF Aeration Improvements 3 and 4	271,545	0	-	-	-	0	0	0	0	0%
	212010	WRRF Conversion of Disinfection of all Flow to Sodium Hypochlorite and Sodium Bisulfite	6,232	0	-	-	-	0	0	0	0	0%
	213006	Improvements to Sludge Feed Pumps at Dewatering Facilities	21,514	3,709	1,003,032	582,006	125,532	0	3,834	0	3,834	18%
	213007	Construction of the Improved Sludge Conveyance and Lighting System at the WWTP	25,524	871	574,266	1,884,731	58,784	0	930	22,912	23,842	93%
	213008	Rehabilitation of the Wet and Dry Ash Handling Systems	7,189	151	342,243	342,243	-	0	151	0	151	2%
	213009	Phosphorous Recovery Facility at the WWRF	908,270	539	1,601,579	1,355,272	367,983	0	907	0	907	0%
	216004	Rehabilitation of Various Sampling Sites and PS# 2 Ferric Chloride System at WWTP	7,963	0	-	-	-	0	0	7,907	7,907	99%
	216006	Rehabilitation of the Screened Final Effluent (SFE) Pump Station and Secondary Water System	38,010	22,473	9,817,428	7,079,355	5,807,727	0	28,281	0	28,281	74%
	216008	Rehabilitation of Screened Final Effluent (SFE) Pump Station	106,554	8,802	18,378,229	11,949,661	5,008,604	0	13,811	0	13,811	13%
216011	WRRF Structural Improvements	13,978	9,551	3,430,751	3,512,647	2,512,994	0	12,064	0	12,064	86%	
216012	WRRF Research Facility	0	0	-	960,324	-	0	0	0	0	0%	

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 B4 - Wastewater System Construction Work-in-Progress (CWIP) FY 2026 Rollforward
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025
 (in thousands)

Project Category	Project	Project Name	Project Plan Estimate	CWIP Balance July 1, 2025	FY 2026 Board Approved CIP	FY 2026 Board Approved CIP With Project Amendments	FY 2026 Activity through December 31, 2025	Capitalizations And Other Activity Through December 31, 2025	CWIP Balance December 31, 2025	Life to Date Capitalizations And Other Activity	Life to Date Activity Through December 31, 2025	Life to Date Activity / Total Project Plan Estimate
Water Resource Recovery Facility	216013	WRRF Emergency Procurement of Transformers A&B	0	0	-	-	485	0	0	0	0	0%
Water Resource Recovery Facility			2,426,275	131,057	70,148	103,514	47,871	178,928	46,364	225,292	9%	
Grand Total			\$4,103,170	\$490,850	\$193,221	\$263,694	\$112,233	\$603,082	\$140,935	\$744,018	18%	

Appendix C - Project Amendment Summaries

The purpose of the Project Amendment Summary is to illustrate the amendments to the current fiscal year board approved CIP for each project with an amendment resulting from the use of allowance and program funding for a specific amount necessitated by contract award.

The award of CIP contracts and the related execution thereof may result in deviation from the amount and timing of planned spend. Acknowledging the aforementioned deviation, project amendments are prepared to fund the related increase or decrease either to or from the Capital Reserve to amend the current fiscal year board approved Capital Improvement Plan accordingly and to inform decision makers in the development of future Capital Improvement Plans. Similar to the project amendments prepared for the Capital Reserve, project amendments are also prepared for contracts that are planned or funded by way of the CIP Program and Allowance accounts. As additional contracts are awarded, and other project information becomes available additional project amendments to and from the Capital Reserve will be prepared to amend the board approved FY 2026 Capital Improvement Plan.

\$0 of Capital Reserve project amendments have been prepared as of December 31, 2025, as shown for the Water System in C1 – Water FY 2026 Project Amendment Summary with project amendments detailing the assignment of funding within Program and Allowance accounts. This year-to-date total illustrates a decreased use of reserves.

\$70,473,018 of Capital Reserve project amendments have been prepared as of December 31, 2025, as shown for the Wastewater system in C2 – Wastewater FY 2026 Project Amendment Summary with project amendments detailing the assignment of funding within Program and Allowance accounts.

These amendments are in alignment with the FY 2026-2030 CIP plan.

The order of these appendices on the subsequent pages are in ascending order by CIP project number.

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 C1 - Water System Project Amendment Summary
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025

Project Number	Project Name	FY 2026 Board Approved CIP	FY 2026 Q1 Budget Amendments	FY 2026 Q2 Budget Amendments	FY 2026 Board Approved CIP With Project Amendments
111001	Lake Huron WTP, Low-Lift, High Lift and Filter Backwash Pumping System Improvements	\$ 13,178,018	\$ -	\$ -	\$ 13,178,018
111006	Lake Huron WTP, Filter Instrumentation and Raw Water Flow Metering Improvements	21,196,490	-	-	21,196,490
111009	Lake Huron WTP - High Lift Pumping, Water Production Flow Metering and Yard Piping Improvements	7,501,173	-	-	7,501,173
111012	LHWTP-Flocculation Improvements	3,850,181	-	-	3,850,181
112006	Northeast Water Treatment Plant Flocculator Replacements	2,301,334	-	-	2,301,334
112007	NEWTP-Structural Repairs	2,166,491	-	-	2,166,491
112008	Northeast Water Treatment Plant Filter Replacement	3,841,079	-	-	3,841,079
113010	Southwest Water Treatment Plant Flocculation Improvements	1,190,937	-	-	1,190,937
114002	Springwells Water Treatment Plant, Low-Lift and High-Lift Pumping Station Improvements	16,402,783	-	-	16,402,783
114017	Springwells Water Treatment Plant Flocculator Drive Replacements	6,013,222	-	-	6,013,222
115001	Water Works Park Water Treatment Plant Yard Piping, Valves and Venturi Meters Replacement	2,747,776	-	-	2,747,776
116002	Pennsylvania and Springwells Raw Water Supply Tunnel Improvements	8,052,670	-	-	8,052,670
116007	System Electrical Power Improvements	1,174,449	-	-	1,174,449
122004	96-inch Water Transmission Main Relocation and Isolation Valve Installations	27,066,175	-	-	27,066,175
122007	Merriman Road Water Transmission Main Loop	193,442	-	-	193,442
122016	Downriver Transmission Main Loop	5,006,995	-	-	5,006,995
122020	Concord and Nevada Flow Control Valves	781,138	-	-	781,138

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 C1 - Water System Project Amendment Summary
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025

Project Number	Project Name	FY 2026 Board Approved CIP	FY 2026 Q1 Budget Amendments	FY 2026 Q2 Budget Amendments	FY 2026 Board Approved CIP With Project Amendments
122021	Grosse Pointe Woods - HW: Harper Woods 24" Main	775,643	-	-	775,643
122023	Adams Road Transmission Main	836,633	-	-	836,633
132010	West Service Center Pumping Station - Reservoir, Reservoir Pumping, and Division Valve Upgrades	343,139	-	-	343,139
132015	Newburgh Road Booster Pumping Station Improvements	275,906	-	-	275,906
132016	North Service Center Pumping Station Improvements	330,123	-	-	330,123
170302	SW SCADA System Upgrade	124,284	-	-	124,284
170306	SPW SCADA PLC Network Upgrade	3,824,924	-	-	3,824,924
170500	Transmission System Valve Rehabilitation and Replacement Program	2,735,044	-	-	2,735,044
170503	Transmission Mains Valves and Urgent Repairs Contract 4	5,177	-	-	5,177
170504	Transmission Mains Valves and Urgent Repairs Contract 2	3,869,312	-	-	3,869,312
170506	Water Transmission, Valve, Emergency and Other Urgent Repairs	3,306,146	-	-	3,306,146
170600	Linear System Integrity Program	1,611,185	-	-	1,611,185
170601	Linear System Integrity Program - Contract 1	43,223	-	-	43,223
170602	36-inch 24 Mile Road Transmission Main Condition Assessment	18,369,609	-	-	18,369,609
170603	84"/72" Transmission Main Condition Assessment	6,100,703	-	-	6,100,703
170802	Reservoir Inspection, Design, and Construction Management Services Phase II	13,623,295	-	-	13,623,295
170904	Wholesale Water Meterpit Rehabilitation and Meter Upgrade - Phase II	4,206,001	-	-	4,206,001
170907	GLWA New Water Master Meter FL-01 Vault Upgrade and Rightsizing	19,451	-	-	19,451
Grand Total		\$ 183,064,150	\$ -	\$ -	\$ 183,064,150

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 C2 - Wastewater System Project Amendment Summary
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025

Project Number	Project Name	FY 2026 Board Approved CIP	FY 2026 Q1 Budget Amendments	FY 2026 Q2 Budget Amendments	FY 2026 Board Approved CIP With Project Amendments
211002	WRRF PS No. 2 Pumping Improvements - Phase 3	\$ 4,495	\$ 305,023	\$ -	\$ 309,518
211005	WRRF PS No. 2 Improvements Phase II	1,781,607	(1,506,631)	-	274,976
211006	WRRF PS No. 1 Improvements	13,383,424	14,281,256	-	27,664,680
211007	WRRF PS #2 Bar Racks Replacements and Grit Collection System Improvements	6,502,084	27,959,736	-	34,461,820
211008	WRRF Rehabilitation of Ferric Chloride Feed System in PS-1 and Complex B Sludge Lines		570,544	-	570,544
211009	WRRF Rehabilitation of the Circular Primary Clarifier Scum Removal System		2,601	-	2,601
211011	PS 1 Rack and Grit HVAC System Upgrade	1,286,844	(405,157)	-	881,687
212008	WRRF Aeration Improvements 1 and 2	12,042,183	(360,242)	-	11,681,941
213006	WRRF Improvements to Sludge Feed Pumps at DeWatering Facilities	1,003,032	(421,026)	-	582,006
213007	WRRF Modification to Incinerator Sludge Feed Systems at Complex -II	574,266	1,310,465	-	1,884,731
213008	WRRF Rehabilitation of the Ash Handling Systems	342,243	(0)	-	342,243
213009	WRRF Biosolids Processing Improvements	1,601,579	(246,307)	-	1,355,272
216006	Assessment and Rehabilitation of WRRF yard piping and underground utilities	9,817,428	(2,738,073)	-	7,079,355
216008	Rehabilitation of Screened Final Effluent (SFE) Pump Station	18,378,229	(6,428,568)	-	11,949,661
216011	WRRF Structural Improvements	3,430,751	81,896	-	3,512,647
216012	WRRF Research Facility		960,324	-	960,324
222001	at Oakwood District	22,987,279	11,402,549	-	34,389,828
222002	Detroit River Interceptor (DRI) Evaluation and Rehabilitation	8,293,978	591,938	-	8,885,916
222008	North Interceptor East Arm (NIEA) 7 Mile Road Diversion Structure	1,063,939	1,235,561	-	2,299,500
232002	Conner Creek Pump Station Improvements	7,600,731	(1,533,184)	-	6,067,547
232005	Freud Pump Station Improvements	17,491,735	20,368,405	-	37,860,140

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 C2 - Wastewater System Project Amendment Summary
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025

Project Number	Project Name	FY 2026 Board Approved CIP	FY 2026 Q1 Budget Amendments	FY 2026 Q2 Budget Amendments	FY 2026 Board Approved CIP With Project Amendments
260201	CON-149, Emergency Sewer Repair		263,313	-	263,313
260204	Conveyance System Engineering Services-1802575	10,453,976	(4,967,039)	-	5,486,937
260205	NWI Rehabilitation		2,537,551	-	2,537,551
260206	Conveyance System Repairs (Wastewaters)	9,282,235	(7,489,654)	-	1,792,581
260207	Rehabilitation of Woodward Sewer Systems		2,954,877	-	2,954,877
260209	Wastewater Rehabilitation and Repair	5,244,785	6,461,831	-	11,706,616
260210	Rehabilitation of GLWA Wastewaters; Ashland Relief, Linwood, Lonyo, Second Avenue, and Shiawassee	2,239,844	(2,029,340)	-	210,504
260211	Emergency and Urgent Wastewater Repair II	2,368,439	67,747	-	2,436,186
260510	Conveyance System Repairs (Outfalls)	7,276,539	(3,648,377)	-	3,628,162
260614	Structural Inspection & Structural Improvements	855,192	3,035,417	-	3,890,609
260619	Control System Upgrade - St Aubin, Lieb & Mile	776,384	1,106,580	-	1,882,964
260624	CSO Baby Creek Chemical Storage Tanks Replacement (TOES / Emergency)	3,250,147	555,484	-	3,805,631
260701	Conveyance System Infrastructure Improvements	5,196,077	6,726,358	-	11,922,435
260802	2022 WRRF Roof Improvements Project	331,100	187,885	-	518,985
260803	WRRF Roof Improvements - Phase II	134,058	0	-	134,058
260900	WRRF Facility Optimization Program	67,970	(67,970)	-	
260901	Rehabilitation of HAZMAT Facility at WRRF		87,770	-	87,770
260903	WRRF Front Entrance Rehabilitation	1,573,411	3,048,367	-	4,621,778
260904	WRRF 3rd Floor Renovation	3,818,468	(1,216,263)	-	2,602,205
260905	WRRF Plumbing Shop Renovation		425,424	-	425,424
261001	WRRF Rehabilitation of the Secondary Clarifiers Phase 1	687,667	(39,779)	-	647,888
270001	Pilot CSO Netting Facility	1,027,084	(154,196)	-	872,888
270002	Meldrum Sewer Diversion and VR-15 Improvements		64,830	-	64,830
270003	Long Term CSO Control Plan		-	-	-
270004	Oakwood and Leib CSO Facilities Improvement Project	2,392,932	(105,016)	-	2,287,916

Construction Work-in-Progress Quarterly Report

As of December 31, 2025

Great Lakes Water Authority
 C2 - Wastewater System Project Amendment Summary
 Unaudited Activity For the Fiscal Quarter Ended December 31, 2025

Project Number	Project Name	FY 2026 Board Approved CIP	FY 2026 Q1 Budget Amendments	FY 2026 Q2 Budget Amendments	FY 2026 Board Approved CIP With Project Amendments
270006	CSO Facilities Improvements II	3,294,350	(2,645,218)	-	649,132
270007	Disinfection System Improvements at Baby Creek, Belle Isle, and Puritan Fenkell CSO Facilities	842,825	10,603	-	853,428
270009	Site Improvements at St. Aubin, Belle Isle, and Baby Creek CSO Facilities		7,841	-	7,841
270010	HVAC Improvements at Puritan Fenkell and Seven Mile CSO Facilities	462,440	(9,668)	-	452,772
273001	Hubbell Southfield CSO Facility Improvements	1,324,793	(30,353)	-	1,294,440
277001	Baby Creek Outfall Improvements Project	2,734,795	(97,099)	-	2,637,696
Grand Total		\$ 193,221,336	\$ 70,473,018	\$ -	\$ 263,694,354



Financial Services Audit Committee Communication

Date: March 27, 2026

To: Great Lakes Water Authority Audit Committee

From: Sonya Collins, Procurement Director

Re: Procurement Month Recognition

Background & Analysis: March is Procurement Month. Established by the National Institute of Governmental Purchasing (NIGP) and celebrated by public purchasing departments across the country, Procurement Month is dedicated to honoring the unique role of public procurement professionals and expanding awareness of the vital work that they perform every day for their organizations and for the public. Here at GLWA, Procurement Month offers us the opportunity to acknowledge our own outstanding Procurement Team who procure the goods and services that support GLWA's mission of providing water of unquestionable quality to the Michigan communities that we serve.

Proposed Action: Receive and file this report.



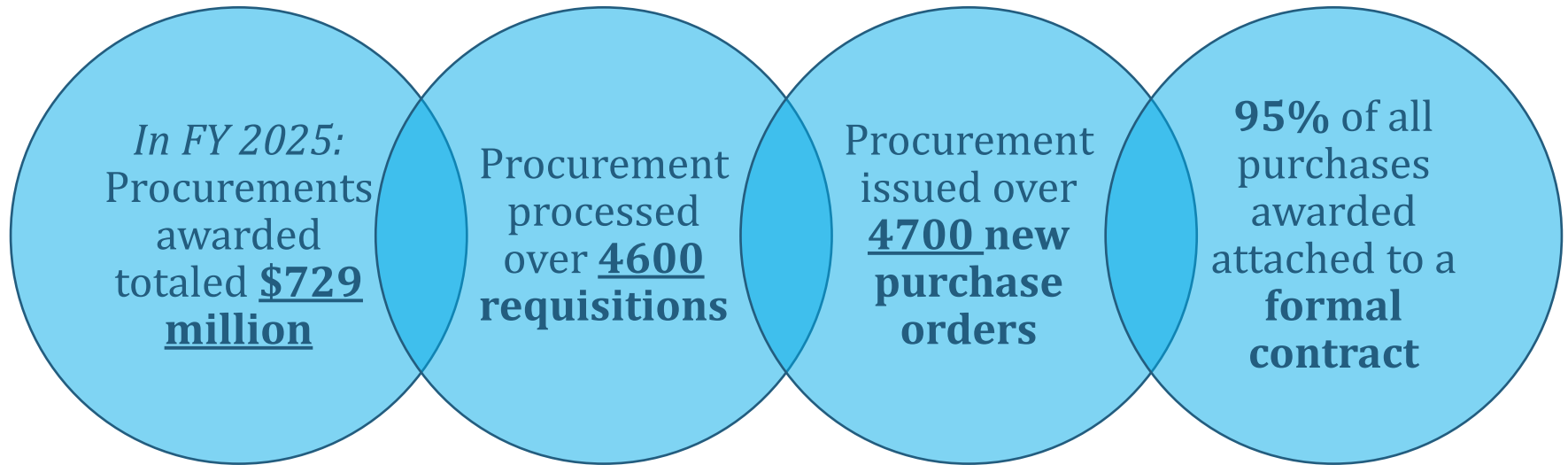
Procurement Month Recognition

Award-Winning Procurement

- Received the prestigious **Achievement of Excellence in Procurement (AEP) Award** from the National Procurement Institute
- Received the Michigan Public Purchasing Officers Association (MPPOA) **Buyer of the Year Award** for GLWA Buyer Gerald Moore



Supporting GLWA's Mission with Strategic Sourcing Practices



... And a demonstrated commitment to the highest level of transparency

Cultivating Working Relationships with GLWA's Vendor Community



GLWA's 2025 Vendor Outreach Event

- ◆ Event – October 29, 2026
- ◆ Macomb Community College
- ◆ 159 Vendors in attendance
- Cross-functional participation and collaboration





Welcome to the March 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 from a Solicitation Debriefing Meeting

Vendors not selected for award may request a solicitation debrief meeting with GLWA procurement. The purpose of a solicitation debrief meeting is to provide Vendors feedback so that they may improve future solicitation responses. During the meeting, Vendors can expect the following.

- ✓ An explanation of GLWA's evaluation and award process.
- ✓ An assessment of their proposal in relation to the solicitation's evaluation criteria, including feedback on suggested improvements as well as areas in which the Vendor's response met or exceeded expectations.
- ✓ A general understanding of the basis of the award decision.
- ✓ The rationale for not moving forward in the evaluation process.

Debriefing meetings are reserved for Request for Proposal (RFP) solicitations, where a qualifications-based selection (QBS) method was used. This means that vendors were selected for award based on their qualifications and competence in relation to the scope and needs of a project, rather than based on price alone.

To protect the integrity of GLWA's procurement process, solicitation debriefing meetings can only be conducted after the solicitation contract and/or purchase order has been executed and only if you responded to the solicitation. Please note that buyers cannot discuss responses from other vendors. If you would like to schedule a solicitation debriefing meeting, please contact the Buyer of Record for the solicitation.

Reminder: Maintaining Updated Contact Information in Your Euna Vendor Profile

Maintaining updated contact information in your Euna vendor profile is key to staying informed about GLWA. This is because GLWA uses our Euna database to distribute communications to the Vendor Community. Vendors should consider a distribution-style email address (e.g., procurementopportunities@yourcompany.com) which automatically sends notifications to multiple individuals. This ensures your company receives communications even if one or more personnel are unavailable at the time of sending, or when experiencing employee turnover. Any questions about your Euna vendor profile may be directed to GLWAVendorOutreach@glwater.org.

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.

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 February 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.

Visit GLWA online!

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Upcoming Solicitations March 2026

Category	CIP #	Description/Project Title	Budget Estimate
Water System (next four to nine months)			
Construction	122020	Concord and Nevada Flow Control Valves	\$7,000,000
Construction	111012	Lake Huron Water Treatment Plant Flocculation Improvements	\$60,000,000
Wastewater Systems (next four to nine months)			
Construction	232002	Conner Creek Sanitary Pump Station	\$167,000,000
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)			
N/A			
Water System (next three months)			
Construction	111001	Lake Huron Water Treatment Plant – LH-401 Switchgear and Low Lift Improvements	\$125,000,000
Professional	116101	Design/ Inspection of Raw Water Tunnels	\$4,242,000
Construction	132016	North Service Center Pumping Station Improvements	\$108,322,551
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)	\$14,100,000
Design	270009	Site Improvements at Baby Creek, Belle Isle and St. Aubin CSO	\$1,500,000
Professional	O&M	Staffing Services	\$500,000
Construction	122020	Concord Nevada Flow Control Valves	\$7,000,000
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
Construction	122023	Adams Road Transmission Main	\$8,400,000
Professional	O&M	Preventative Maintenance and Repair of Electrical Equipment	\$9,684,080
Construction	211009	Primary Area Gas Detection Upgrade and Switchgear SD-1 Replacement at Electrical Building EB-20	\$7,000,000
Construction	122007	Merriman Road 24-inch Water Transmission Main	\$6,817,000

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

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