

Attachment 1 - Table of Proposed Debt Management Policy Amendments

| Section No. | Section Title | Policy Change(s) | Rationale |
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| 3.2 | Terms (Advance Refunding) | Added Term | Clarification |
| 3.2 | Terms (Bond Counsel) | Added Term | Clarification |
| 3.2 | Terms (Designated Policies) | Removed Term | Not Applicable |
| 3.2 | Terms (Feasibility Consultant) | Added Term | Clarification |
| 3.2 | Terms (Historical Net Revenues) | Streamlined definition | Reduce Complexity |
| 3.2 | Terms (Syndicate Policies) | Definition now specifies “the priority of orders, designation policies and other syndicate rules desired by GLWA and the Underwriters relating to the public offering of the bonds.” | Clarification |
| 4 | Authority/ Responsibility | Added section “The Financial Services Area (FSA) Public Finance team within GLWA has responsibility for the application of this Policy to GLWA’s debt program.” | Clarification |
| 5 | Goals & Objectives | Streamlined and enhanced existing text | Clarification |
| 6 | Use of Debt | New section “Unless otherwise approved by GWLA’s board, debt issuance will be used for the following purposes: (1) To finance the costs associated with the Authority’s Capital Improvement Pan (2) To refund existing debt to obtain Debt Service savings and/or restructure certain terms of existing debt” | Clarification |

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| 7.6 | ESG “Environmental, Social and Governance” Bonds | <p>New section “ESG or “Green Bonds” may be issued to fund qualified projects that have environmental and/or climate change mitigation or adaptation benefits.</p> <p>Proceeds from these bonds should be earmarked for sustainability oriented green projects and allow investors to invest directly in bonds which finance environmentally beneficial projects. The Authority will comply with the following when issuing Green Bonds:</p> <p>(1) For each issuance of Green Bonds, the Authority will make a determination whether to self-certify the Bonds or retain an independent third-party consultant to certify the Bonds.</p> <p>(2) The authority will only issue Green Bonds if, during the life of the Bonds, they in no way impede or restrict the ability to use the Green Bond-funded projects for other future business purposes that are not in keeping with “Green Bond” principles.</p> <p>ESG bonds may also be issued as “Social” bonds to create positive social outcomes in communities. If the use of proceeds is designated as “Green” and/or “Social” the bonds are considered “Sustainability” bonds.”</p> | Clarification |
| 9.1 | Interest Rate Structure | Added Statement “GLWA may make use of both Variable Rate Debt and Fixed-Rate debt in accordance with limitations set forth in this Policy.” | Clarification |
| 9.4 | Debt Service Structure | Added Statement “to GLWA's debt profile and cost of financing. For instance, market conditions and/or specific financing goals of GLWA may indicate a deferred debt service structure, for a specific upcoming transaction, may be optimal. (Debt service coverage constraints, for example, may in part drive this decision-making process).” | Clarification |

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| 9.8 | Lien Selection | Added Statement "GLWA will determine the most advantageous use of lien based on market conditions at time of sale, and in consultation with its Registered Municipal Advisor." | Clarification |
| 10.1 | Refunding for Debt Service Savings | Added Statement "GLWA may accept a lower positive savings threshold to the extent that the refunded bonds mature within 3 years, do not have an economic call option or as otherwise approved by the Board." | Clarification |
| 10.2 | Alternative Methods to Achieve Debt Service Savings | New section "Due to the federal tax law changes as of December 22, 2017, the ability of a municipal bond issuer to advance refund on a tax-exempt basis has been repealed. As part of evaluating future bonds to be refunded, GLWA will work with its Registered Municipal Advisor, on a case-by-case basis, to evaluate the cost benefit of various methods of refunding bonds that are not currently callable on a tax-exempt basis through alternative financing methods. These include, but are not limited to, taxable advance refunding bonds, tax-exempt forward delivery bonds, and refunding bonds issued in conjunction with a tender and/or exchange process." | Clarification |

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| 11 | Method of Issuance | Rewording “GLWA will determine the method of issuance on a case-by-case basis., based on the method of sale it believes is the most appropriate and economically advantageous in light of financial, market, transaction-specific and GLWA-related conditions. Acceptable methods of sale may include a competitive sale, a negotiated sale, or a private placement. GLWA may also borrow from or issue through the SRF Program or pursue federal borrowing programs such as WIFIA funding.” | Clarification |
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| 12 | Tax Status | <p>New Section “Bond Counsel will determine the tax status of all issuances. Interest on the bonds may be designated as either tax-exempt or taxable.</p> <p>12.1 Tax-Exempt - Interest on tax-exempt bonds is excluded from the gross income of its owners for federal income tax purposes and from Michigan income taxes, and as a result tax-exempt bonds can be sold at a lower true interest cost than taxable bonds. The Authority, along with bond counsel, will evaluate all projects to be funded to assess their eligibility to be funded by tax-exempt bonds. The Authority will make every effort to ensure that all tax regulations are complied with to ensure the bonds maintain their tax-exempt status throughout the life of the bonds.</p> <p>12.2 Taxable - Certain municipal bonds are sold as taxable bonds because they are issued for purposes that the federal government deems do not provide a significant benefit to the public at large or involve private activity. In addition, certain tax laws such as the alternative minimum tax (“AMT”) reduced the tax exemption applicable to certain types of bonds and to certain taxpayers. Taxable bonds will be used whenever a project has the potential for private activity or other uses that may call into question the eligibility to use tax-exempt financing.”</p> | Clarification |
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| 13.7 | Syndicate Policies | Added Statement “GLWA may seek to give certain classes of investors (such as Retail, Institutional or ESG Investors) priority during an order period in order to encourage best execution. GLWA will require the senior manager to allocate bonds in accordance with this priority policy as well as to seek to make reasonable and fair allocations of bonds to syndicate members and the selling group. In all cases, GLWA will require the senior manager to comply with MSRB regulations governing the priority of orders and allocations.” | Clarification |
| 13.9 | Evaluation of Underwriter Performance | New Section “GLWA will evaluate each bond sale after completion to assess the following: costs of issuance including underwriters’ compensation, pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis, the distribution of bonds, and sales credits.” | Clarification |
| 13.10 | Reporting to the Board | New Section “Following each sale, the Chief Financial Officer or GLWA’s Registered Municipal Advisor will provide a report to the Audit Committee on the results of the sale.” | Clarification |
| 14.3 | Disclosure Counsel (if desired by GLWA) | New Section “Disclosure Counsel performs legal services associated with the preparation of offering documents used by the Authority in its debt offerings to ensure that the offering document fairly, accurately and completely addresses the information presented in the offering document so that it is true and correct in all material aspects.” | Clarification |

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| 14.4 | Feasibility Consultant | Added Section "GLWA will retain a Feasibility Consultant to prepare a Feasibility Report for each bond issuance. The Feasibility Report will contain financial feasibility information including analyses of water supply and sewage disposal service charges, specific charge methodology, projections of revenues under existing charges, projection of future operation and maintenance expenses, a summary of the Regional Water and Sewage Capital Improvement Programs and the impact of projected revenue requirements on future revenues and charges for a minimum of a ten-year forecast period. The Feasibility Consultant and the Feasibility Report will be expected to be an integral part of the team (along with GLWA, the Registered Municipal Advisor and the Underwriter) interfacing with the rating agencies." | Clarification |
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| 17.5 | Continuing Disclosure Agreement | <p>Added Statement “When bonds are issued, the issuer enters into a continuing disclosure agreement for the benefit of the underwriter to meet the SEC’s requirements, promising to provide certain annual financial information and material event notices to the public. In accordance with changes made in 2009 and 2018 to Rule 15c2-12, those filings must be made electronically at the Municipal Securities Rulemaking Board’s (MSRB) Electronic Municipal Market Access (EMMA) web dissemination portal (www.emma.msrb.org).</p> <p>Issuers are also able to provide periodic voluntary financial information to investors in addition to meeting the SEC Rule 15c2-2 responsibilities undertaken in their Continuing Disclosure Agreement through EMMA. It is important to note that issuers must disseminate any financial information to the market as a whole and cannot give any one investor certain information that is not readily available to all investors.”</p> | Clarification |
| 17.6 | Feasibility Report | <p>New Section “The Feasibility Consultant will provide a Feasibility Report to be published in conjunction with revenue bonds to be issued by the Authority. The Feasibility Report will be included in the Official Statement and will also be used by GLWA, the Municipal Advisor and the Underwriter in obtaining credit ratings for the offering.”</p> | Clarification |

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| 18.2 | Investors, Bond Insurers, Liquidity Providers | Added Statement "GLWA maintains a robust and dedicated "Investor Relations" page on its public website www.glwater.org . This page includes the latest information on GLWA's bond ratings as well as key formative GLWA documents such as the Master Bond Ordinance, all Bond Series Ordinances, Official Statements for each offering, and all of GLWA's Foundational Documents. This page is an important tool for investors; the Public Finance Manager will maintain, update and make enhancements to this page as necessary." | Clarification |
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