



Great Lakes Water Authority

Presentation to the Audit Committee Summary of 2020 Water System Financing Results

May 1, 2020



Executive Summary

The recent bond transactions for the Water System achieved a number of favorable results.

- Successfully refinanced \$366 million of Water System Bonds
 - Water system gross cashflow savings of \$103.1 million (\$66.5 million of present value savings, or 18.2%)
 - This represents the highest level of savings on a percentage basis GLWA has ever achieved on a transaction
- Issued \$85.6 million of new money water bonds for the Local System, achieving a very favorable yield of 2.98% for 30-year debt and generating nearly \$100 million for Local System capital improvement
- Rating upgrades were achieved from all three rating agencies continuing the Authority's history of rating success since the stand up
 - Senior lien ratings of AA-/A1/A+ for Water and for Sewer
 - Second lien ratings of A+/A2/A for Water and for Sewer
- Extensive outreach to investors, with an electronic roadshow, investor meetings, and one on one investor calls
 - Over 80 investors reached in the outreach process
 - Nearly 50 different institutional investors placed orders totaling \$614 million for the tax-exempt Series 2020A&B Bonds and more than 30 different institutional investors placed orders totaling over \$1.0 billion for the taxable Series 2020C Bonds
- Achieved all necessary bondholder consents on the DSRF springing amendment for the potential future elimination of the Water System Bond Reserve Funds once GLWA attains two AA category ratings (S&P achieved on the Water System)

Goals Set . . . Goals Met

The goals for the Series 2020 financing were achieved and provide the Authority with a strong base with which to weather the current COVID-19 crisis and achieve future financial goals.



Secure Rating Upgrades



Highlight Strong Financial Results and Expand the Investor Base for GLWA credits



Lock-in Favorable Interest Rates and Substantial Savings



Enhance GLWA's Financial Flexibility

Bond Rating Upgrades Attained Since GLWA's Stand Up

As part of the financing process, the Great Lakes Water Authority team sought and received rating improvements from all three rating agencies continuing a history of rating success since the stand up of the Authority.

Sewer System

S&P

Senior Lien	A- (Stable)	3 notch improvement	AA- (Stable)
Second Lien	BBB+ (Stable)	3 notch improvement	A+ (Stable)

Moody's

Senior Lien	Baa3 (Positive)	5 notch improvement	A1 (Stable)
Second Lien	Ba1 (Positive)	5 notch improvement	A2 (Stable)

Fitch

Senior Lien	BBB (Stable)	4 notch improvement	A+ (Stable)
Second Lien	BBB- (Stable)	4 notch improvement	A (Stable)

Water System

S&P

Senior Lien	A- (Stable)	3 notch improvement	AA- (Stable)
Second Lien	BBB+ (Stable)	3 notch improvement	A+ (Stable)

Moody's

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Comprehensive Marketing Outreach


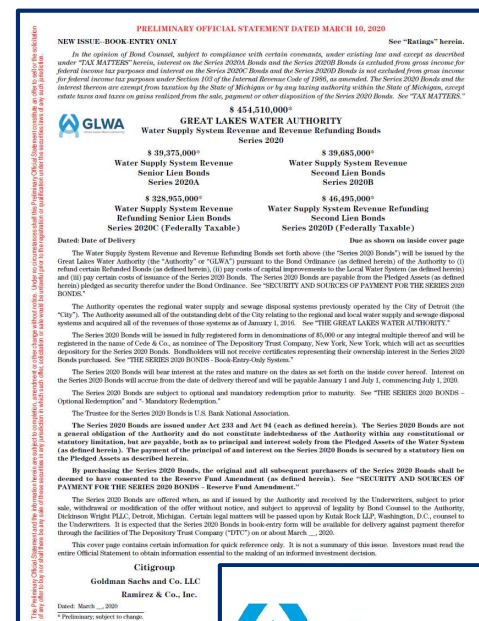
Although a traditional in person roadshow as not possible in light of the COVID-19 crisis, Citi and Siebert utilized an internet roadshow presentation and one-on-one investor calls to educate investors and explain the transaction.

Marketing Outreach

1. Preliminary Official Statement Posted (March 10th)
2. Internet Roadshow (March 10th – April 30th)
 - 81 investors viewed the electronic roadshow
3. Preliminary Official Statement Supplement Posted (April 27th)
 - Provided additional information to potential investors with respect to the impact of COVID-19 on the Authority's operations and financial performance
4. One-on-One Calls with Investors (March 10th – April 30th)
 - Multiple individual one-on-one calls with key investors to address their questions ahead of pricing

Results

- Over \$617 million of orders were received for the tax-exempt Series 2020A&B Bonds and \$1.0 billion of orders for the taxable Series 2020C Bonds
- 48 distinct institutional investors placed orders on the Series 2020A&B Bonds and 31 distinct institutional investors placed orders on the taxable Series 2020C Bonds
 - Existing holders added to positions
 - New investors came in to buy the System's bonds for the 1st time
 - Variety of account types participated including asset managers, mutual funds, insurance companies, SMAs, and relative value funds
- "Top Tier" investors, including the some of the largest bond funds and insurance companies in the municipal market, came in for significant orders



Great Lakes Water Authority
Investor Presentation

\$454,510,000* Water Supply System Revenue and Revenue Refunding Bonds, Series 2020

\$39,375,000* Water Supply System Revenue Senior Lien Bonds, Series 2020A
\$39,375,000* Water Supply System Revenue Second Lien Bonds, Series 2020B
\$428,955,000* Water Supply System Revenue Refunding Senior Lien Bonds, Series 2020C (Federally Taxable)
\$46,495,000* Water Supply System Revenue Refunding Second Lien Bonds, Series 2020D (Federally Taxable)

\$706,675,000* Sewage Disposal System Revenue Refunding Bonds, Series 2020

\$540,215,000* Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2020A (Federally Taxable)
\$166,460,000* Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2020B (Federally Taxable)

*Preliminary and subject to change.

Summary of Financing Results

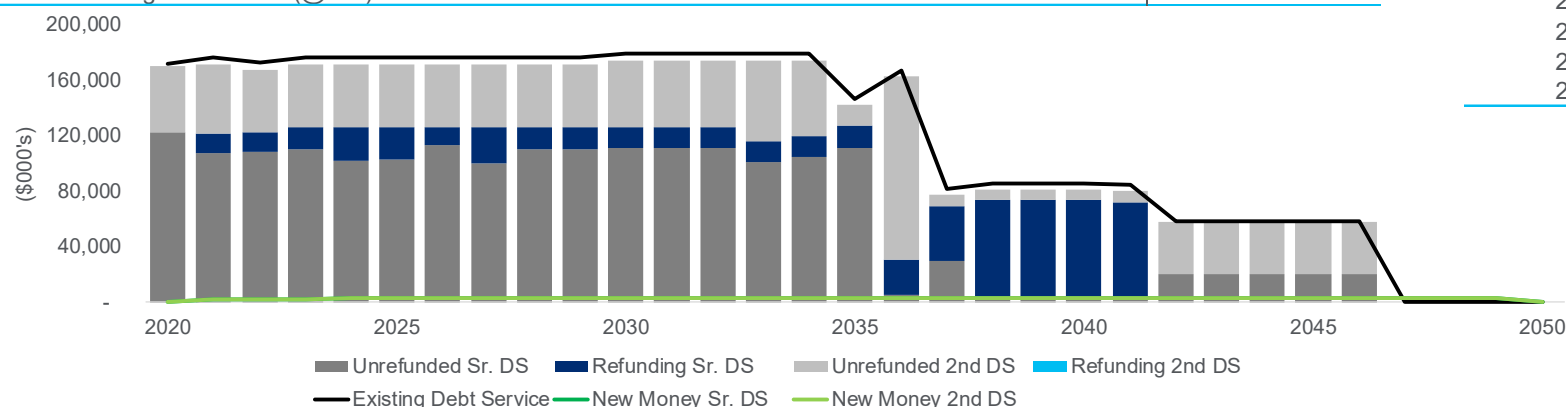
The Series 2020 Bonds were sold at an attractive all-in interest rate and produced a significant amount of debt service savings for the Water System while also funding Local System projects.

- Issued \$463 million of total bonds including \$85.6 million of tax-exempt new money bonds for Local System capital improvements and \$377.5 million of taxable refunding bonds to achieve debt service savings
 - Bond yield of 2.98% for the tax-exempt Series 2020A&B Bonds
 - Bond yield of 3.36% for the taxable Series 2020C Bonds
 - Overall cost of funds, including costs of issuance, was an attractive 3.48%
- Issued \$85.6 million of new money water bonds for the Local System, achieving a very favorable interest costs for 30-year debt and generating nearly \$100 million for Local System capital improvement
- \$103 million in debt service savings generated to provide future financial flexibility
 - Savings structured for approximately level annual savings with a slight emphasis for near-term years
- Increased debt service coverage levels on the Water System
- Released \$10.5 million of Bond Reserve Funds to reduce the amount of refunding bonds issued
- Achieved all necessary bondholder consents on the DSRF springing amendment for the potential future elimination of the Water System Bond Reserve Funds once GLWA attains two AA category ratings (S&P achieved on the Water System)

Series 2020 Financing Results and Cash Flow Savings

Through a combination of refunding structure optimization and aggressive pricing, the refunding was able to achieve \$103 million of total debt service savings for the Water System.

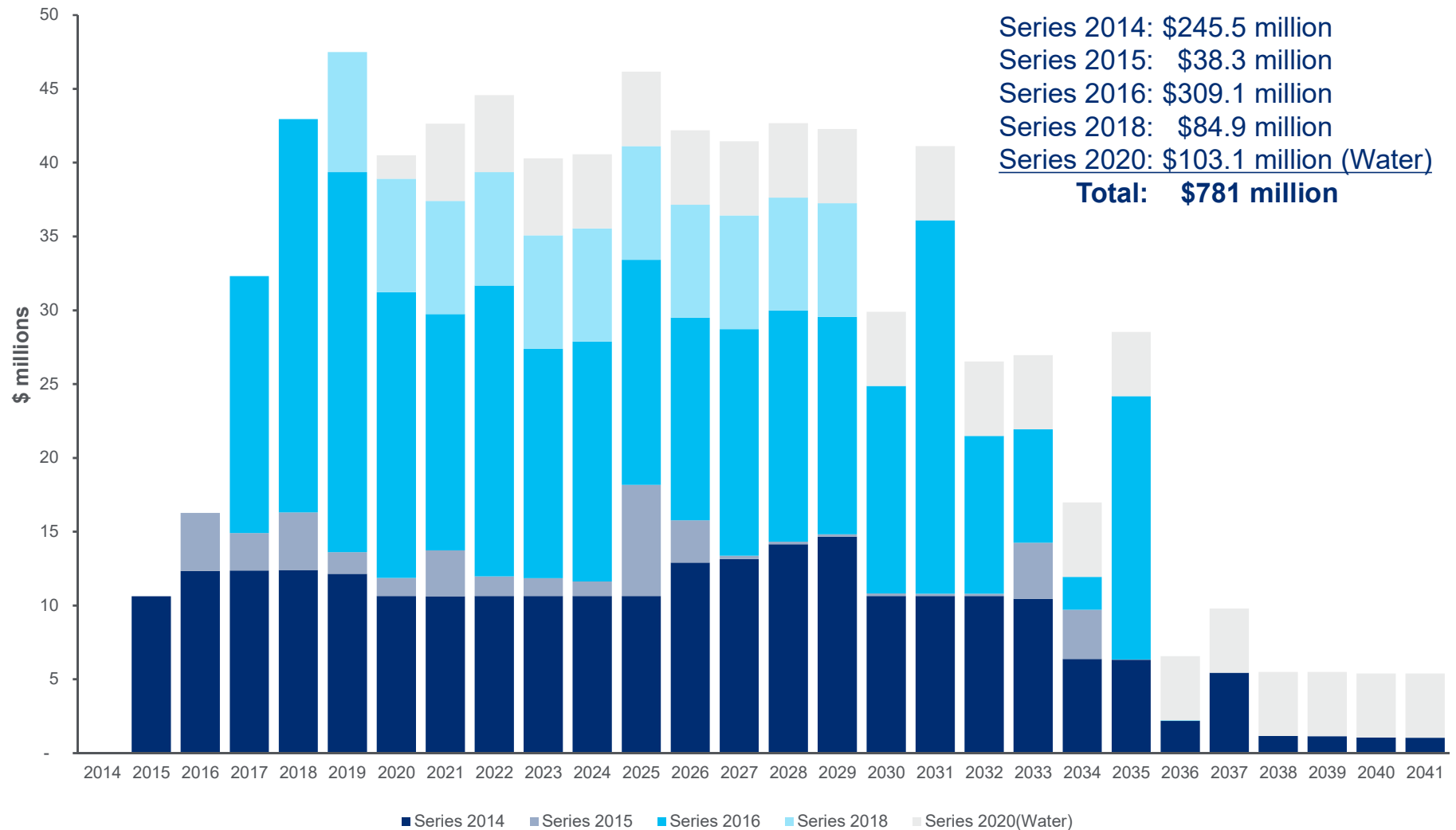
	Series 2020A Sr. Lien Tax-Exempt	Series 2020B 2nd Lien Tax-Exempt	Series 2020C Sr. Lien Taxable	Aggregate Series 2020 Issuance	Fiscal Year	Refunding Savings (\$000's)
Sources					Total	103,080
Par	42,445,000	43,135,000	377,515,000	463,095,000	2020	1,591
Premium	7,554,692	6,851,324	-	14,406,016	2021	5,229
Debt Service Fund Release	-	-	7,954,734	7,954,734	2022	5,225
Debt Service Reserve Fund Release	-	-	10,548,456	10,548,456	2023	5,229
Total Sources	49,999,692	49,986,324	396,018,190	496,004,207	2024	5,034
Uses					2025	5,036
Deposit to Escrow Fund	-	-	394,014,099	394,014,099	2026	5,034
Deposit for New Money	49,774,335	49,757,320	-	99,531,655	2027	5,030
Deposit to Debt Service Reserve Fund	-	-	-	-	2028	5,036
Costs of Issuance (inc. UW Disc.)	225,357	229,004	2,004,091	2,458,453	2029	5,032
Total Uses	49,999,692	49,986,324	396,018,190	496,004,207	2030	5,034
Call Provisions and Refunding Statistics					2031	5,034
Call Provisions	10 Year Par Call	10 Year Par Call	10 Year Par Call		2032	5,033
Refunded Principal			366,025,000		2033	5,034
Cashflow Savings			103,077,566		2034	5,036
Net PV Savings (@ 3%)			66,489,475		2035	4,345
Net PV Savings % Ref. Par (@ 3%)			18.17%		2036	4,349
					2037	4,347
					2038	4,346
					2039	4,345
					2040	4,349
					2041	4,349



Note: For purposes of this analysis reserve releases are treated as an upfront adjustment (reduction) to PV savings

History of Debt Service Savings Achieved Since 2014

Through the leadership of the Authority's management team, the financing team has been able to achieve nearly \$781 million of debt service savings for the systems since the tender and refunding transaction in 2014.



Next Steps for the Sewer System Refunding

- The finance team continues to monitor market conditions for an opportunity to price the Sewer System refunding transaction
 - Due to the longer period until the call date on the majority of Sewer System refunding candidates, current market conditions did not allow for the Authority to meet its desired savings targets
- Should market conditions improve, a process similar to the one utilized for the Water System would likely be utilized for the Sewer System
 - Post a Supplement to the Sewer System Preliminary Official Statement explaining the impact of the COVID-19 crisis on the Sewer System's operations and financial performance
 - Distribute supplement to investors
 - Hold one-on-one conference calls with key investor accounts to answer any questions
 - Price the Sewer System Bonds