

..Title

Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$12,000,000 (Ordinance 2021-02)

..Body

Agenda of: April 28, 2021

Item No.: **2021-__**

Amount: Not to Exceed \$12,000,000

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: April 28, 2021

RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$12,000,000 (Ordinance 2021-02)

MOTION

Upon recommendation of Sue McCormick, Chief Executive Officer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approve the resolution Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$12,000,000 as presented**, and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

On February 26, 2020, the Great Lakes Water Authority (“GLWA”) Board of Directors approved Resolution 2020-068, “Resolution of the Great Lakes Water Authority Authorizing Publication of Notice of Intent to Issue Water Supply System Revenue Bonds in a principal amount not to exceed \$200,000,000” (the “Notice of Intent”). This is the sixth series of water bonds from that Notice of Intent in the amount not to exceed \$12,000,000.

The approval of the Series Ordinance presented today is the next formal step required by the GLWA Board of Directors in the bond issuance process. The Series Ordinance authorizes the issuance of the Bonds by GLWA, sets forth the guidelines for the Drinking Water Revolving Fund (DWRf) Bonds, designates the Bonds as 2021 SRF-1 Junior Lien Bonds, and authorizes the Chief Executive Officer or the Chief Financial Officer to execute the final terms of the Bonds, paying issuance costs and signing of the Purchase Contract and Sale Order, within the parameters set forth in the Series Ordinance.

JUSTIFICATION

This series of bonds authorized by this ordinance will be sold through the state of Michigan’s DWRf program (Project #7445-04) and will be used to finance improvements to the Regional Water System, including improvements to the Northeast Water Transmission Main - Phase 3 (Garland, Hurlbut, Bewick Water Transmission System Rehabilitation), including but not limited to design for the construction of a transmission main from the Northeast Water Treatment Plant to the I-94 expressway. Per the Ordinance, this series of bonds will be designated 2021 SRF-1 Junior Lien Bonds, with a loan amount not to exceed \$12,000,000.

The 2021 SRF-1 Junior Lien Bonds will be sold to the Michigan Finance Authority. The current program interest rate for the DWRf is 1.875% and is typically payable over a 20-year term. Based on the not to exceed amount for this series of \$12.0 million, GLWA could save an estimated \$5.8 million in interest costs and avoided issuance costs, based on a similar open market revenue bond with a 30-year term and 3.50% interest rate, over the life of the 30-year bond issue.

BUDGET IMPACT

The debt service payments on the GLWA Regional project are anticipated to start on October 1, 2021 with minimal amounts of interest due, because of the projected draw down schedules. Interest expense on the loan is included in the FY 2022 Water Budget.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on April 23, 2021. The Audit Committee [insert action] approval of the resolution Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$12,000,000 as presented.