



Legislation Details (With Text)

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Title: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewerage Disposal System Revenue Bonds in an Amount Not to Exceed \$42,000,000 (Ordinance 2022-02)

Sponsors: Nicolette Bateson

Indexes: Finance

Code sections:

Attachments: 1. 7A3 Resolution Approving 2022-1 SRF Series Ordinance (Sewer) 5655-03, 2. 7A4 Series Ordinance (2022-SRF-1 GLWA Sewer)

Date	Ver.	Action By	Action	Result
4/13/2022	1	Board of Directors Workshop Meeting	Approved	Pass
3/25/2022	1	Audit Committee	Recommended for Approval	Pass

Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewerage Disposal System Revenue Bonds in an Amount Not to Exceed \$42,000,000 (Ordinance 2022-02)

Agenda of: April 13, 2022
Item No.: **2022-119**
Amount: Not to Exceed \$42,000,000

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: March 25, 2022

RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewerage Disposal System Revenue Bonds in an Amount Not to Exceed \$42,000,000 (Ordinance 2022-02)

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approve the resolution Approval of Series Ordinance Authorizing Issuance and Sale of Sewerage Disposal System Revenue Bonds in an Amount Not to Exceed \$42,000,000 as presented,** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

On March 8, 2017 the Great Lakes Water Authority (“GLWA”) Board of Directors approved Resolution 2017-03, “Resolution of the Great Lakes Water Authority Authorizing Publication of Notice of Intent to Issue Sewerage Disposal System Revenue Bonds” in a principal amount not to exceed \$275,000,000 (the “Notice of Intent”). This is the eighth series of sewer bonds from that Notice of Intent in the amount not to exceed \$42,000,000.

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 Clean Water State Revolving Fund (CWSRF) Bonds, designates the Bonds as 2022 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 CWSRF program (Project #5655-03) is a Regional Sewer System project involving the evaluation and rehabilitation of the Detroit River Interceptor (DRI) which conveys approximately 30% of GLWA wastewater flows to the Water Resource Recovery Facility (WRRF). The DRI was constructed in 1927 and has seen limited maintenance and rehabilitation since that time and is currently in poor condition. The DRI is an extremely important interceptor in the collection system and the consequences of failure are high. Therefore, this project is necessary to ensure that GLWA can rely on this critical component of the system to convey maximum wastewater flows to the WRRF, while mitigating historical problems with combine sewer overflows (CSOs), interceptor collapses, sink holes and residential basement flooding. The project will significantly provide upgrades and improve the reliability of the DRI conveyance system.

This loan will support Reach 3 work. It is expected to be the final phase of work with overall estimated project completion date of May 2026 and an estimated total project cost of nearly \$90 million. The State considers 5655-03 to be a financial segment, which is a continuation of a previously approved project typically associated with larger or longer-term projects that extend beyond current State SRF funding amounts and construction milestone requirements. It follows two, prior, CWSRF loans approved for this project totaling approximately \$46 million.

Loan #	Date Approved	Amount
5655-01	August 2018	\$17,510,000
5655-02 Financial Segment 1	February 2020	\$28,350,000
	Total	\$45,860,000

The 2022 SRF-1 Junior Lien Bonds will be sold to the Michigan Finance Authority. The current program interest rate for

the CWSRF is 1.875% with a 20-year term. The not to exceed amount for this series of \$42 million.

BUDGET IMPACT

The debt service payments on the GLWA Regional project are anticipated to start on October 1, 2023 with minimal amounts of interest due, because of the projected draw down schedules. Interest expense on the loan will be included in the FY 2024 Sewer Budget.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on March 25, 2022. The Audit Committee unanimously recommended adoption of the resolution for the Approval of Series Ordinance Authorizing Issuance and Sale of Sewerage Disposal System Revenue Bonds in an Amount Not to Exceed \$42,000,000 as presented.