



Legislation Text

File #: 2022-120, Version: 1

Resolution Authorizing Publication of Notice of Intent to Issue Water Supply System and Sewer Disposal System Revenue Bonds

Agenda of: April 13, 2022
Item No.: **2022-120**
Amount: Not to Exceed \$600,000,000

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 Authorizing Publication of Notice of Intent to Issue Water Supply System and Sewer Disposal System Revenue Bonds

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 Resolutions Authorizing Publication of Notice of Intent to Issue Water Supply System Revenue Bonds of \$400,000,000 and Sewer Disposal System Revenue Bonds of \$200,000,000 in an Amount Not to Exceed \$600,000,000 as presented**, and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The publication of the Notice of Intent to Issue Water Supply System and Sewer Disposal System Revenue Bonds is required pursuant to Section 33 of Public Act 94 of 1933 to begin the 45-day referendum period. "If within 45 days after the publication of the notice a petition, signed by not less than 10% or 15,000 of the registered electors, whichever is less, residing within the limits of the borrower, is filed with the clerk, or other recording officer, of the borrower, requesting a referendum upon the question of the issuance of the bonds, then the bonds shall not be issued until approved by the vote of a majority of the electors of the borrower qualified to vote and voting on the bonds at a general or special election." If

the 45-day referendum period expires without a petition requesting a referendum, then the Authority may authorize and issue such bonds.

JUSTIFICATION

Included with this memo are proposed resolutions authorizing the publication of Notice of Intent to issue regional water supply and regional sewer disposal system revenue bonds in the amounts of \$400 million and \$200 million respectively. This authorization would provide for continued funding for improvements to the system in three ways.

1. The approved, State Revolving Fund (SRF) loan #7532-02 for \$111 million related to CIP #122004 - GLWA 96-inch Water Main Relocation - Phase 2 which will be closing in calendar year 2022;
2. Additional SRF loan applications that align with the capital improvement program; and;
3. A market-based revenue bond transaction consistent with the ten-year financial plan presented to the Audit Committee and Board of Directors in conjunction with the FY 2023 & FY2024 Biennial Budget and FY 2023 Charges. That ten-year plan contemplated a transaction in calendar year 2022 with *net* bond proceeds of \$176 million for the water system and \$138 million for the sewer system in addition to the state revolving fund.

It should be noted that the management for the local water supply and local sewer disposal systems (Detroit Water & Sewerage Department, DWSD) has indicated that there is currently have sufficient funds available to meet capital project requirements. No additional bond proceeds beyond state revolving fund loans are requested by DWSD at this time for at least the next two years.

BUDGET IMPACT

The debt service payments on the regional SRF project are anticipated to start in FY 2023 with minimal amounts of interest due, because of the projected draw down schedules. This minimal interest expense on the loan is included in the FY 2023 water budget.

Anticipated debt service associated with a potential FY 2023 bond transaction has been included in the approved FY 2023 & FY 2024 Biennial budget as applicable.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on March 25, 2022. The Audit Committee unanimously recommended that the GLWA Board of Directors adopt the Resolutions Authorizing Publication of Notice of Intent to Issue Water Supply System Revenue Bonds of \$400,000,000 and Sewer Disposal System Revenue Bonds of \$200,000,000 in an Amount Not to Exceed \$600,000,000 as presented.