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Title: RESOLUTION TO APPROVE THE SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF WATER SUPPLY SYSTEM REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$12,000,000 (ORDINANCE 2019-01)

Sponsors: Nicolette Bateson, Jonathan Wheatley

Indexes: Finance

Code sections:

Attachments: 1. Resolution Approving 2019 DWRF Series Ordinance FINAL (002), 2. BLOOMFIELD-#2329785-1-Series 2019 Ordinance DWRF

Date	Ver.	Action By	Action	Result
4/24/2019	1	Board of Directors	Approved	Pass

RESOLUTION TO APPROVE THE SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF WATER SUPPLY SYSTEM REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$12,000,000 (ORDINANCE 2019-01)

Agenda of: April 24, 2019
Item No.: **2019-166**

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: April 24, 2019

RE: RESOLUTION TO APPROVE THE SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF WATER SUPPLY SYSTEM REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$12,000,000 (ORDINANCE 2019-01)

MOTION

That the 2019 SRF-1 Series Ordinance, in the form presented to this meeting, is approved and adopted, and the Chairperson and the Secretary are authorized to authenticate the 2019 SRF-1 Series Ordinance in the form approved; **And Be it Further** that an affirmative vote of at least 5 members of the Authority Board is necessary for the passage of this Resolution.

BACKGROUND

On March 8, 2017, the Great Lakes Water Authority (“GLWA”) Board of Directors approved the “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 \$25,000,000” (the “Notice of Intent”). This is the second series of water bonds from that Notice of Intent and will be in an amount not to exceed \$12,000,000. The first series of water bonds was issued on June 13, 2017, on behalf of the Detroit Water and Sewerage Department (DWSD) for its water main replacement project for \$8,675,000 sold through the Drinking Water Revolving Fund (DWRF).

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 DWRF Bonds, designates the Bonds as 2019 SRF-1 Junior Lien Bonds, and authorizes the Chief Executive Officer of 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.

ANALYSIS

The bonds authorized by this ordinance will be sold through the state of Michigan’s DWRF program and will be used to finance improvements to GLWA’s Lake Huron Water Treatment Plant. The project will provide construction of a new redundant wash water retention basin and a new sludge pumping station with the existing clarifiers being abandoned or demolished. Additionally, provisions for decanting clear water from Lagoon 5 and Lagoon 6 to Lagoon 8 so Lagoon 8 can serve as temporary overflow storage during basin cleanout are included within the scope of this project.

The DWRF bonds will be sold to the Michigan Finance Authority in separate series. The current program interest rate is 2.00% and is typically payable over a 20 year term. Based on the project amount of \$12.0 million, GLWA could save an estimated \$1.6 million in interest costs and avoided issuance costs, based on a similar open market revenue bond with a 30-year term and 4.50% interest rate, over the life of the 30-year bond issue. This will afford savings to both GLWA and its members.

BUDGET IMPACT

The debt service on the proposed projects is anticipated to commence in FY 2020 and has been included in the FY 2020 financial plan.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on April 24, 2019. It is anticipated that the Audit Committee will recommend that the GLWA Board approve the resolution as presented.