



Legislation Details (With Text)

File #:	2021-306	Version:	1	Name:	
Type:	Resolution	Status:		Filed	
File created:	7/26/2021	In control:		Board of Directors	
On agenda:	7/28/2021	Final action:		7/28/2021	
Title:	Update: State Revolving Fund Loans 7461-02 and 7484-01 Rate and Terms				
Sponsors:	Nicolette Bateson				
Indexes:	Finance				
Code sections:					
Attachments:	1. 2 - TFG - SRF Loan Terms 072222, 2. 3 - PFM - GLWA SRF Loan 7484-01 Amortization Memo, 3. 3 - PFM - Proposed Final Options Summary Sheet GLWA DWRF 7.21.2021				

Date	Ver.	Action By	Action	Result
7/28/2021	1	Board of Directors	Received and Filed	Pass

Update: State Revolving Fund Loans 7461-02 and 7484-01 Rate and Terms

Agenda of: July 28, 2021

Item No.: **2021-306**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: July 28, 2021

RE: Update: State Revolving Fund Loans 7461-02 and 7484-01 Rate and Terms

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors of the Great Lakes Water Authority, **receive and files the update report related to the State Revolving Fund Loans 7461-02 and 7484-01 Rate and Terms as presented to the Audit Committee on July 23, 2021 and recommended by the Committee to receive and file;** and authorizes the CEO to take such action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Great Lakes Water Authority (GLWA) is preparing to close on SRF loan 7461-02 (GLWA) and 7484-01 (for the Detroit Water & Sewerage Department or DWSD) as presented with the Audit Committee and the GLWA Board of Directors during the original loan application process and in quarterly debt reports over the past two years and most recently with the approval of the associated Series Ordinance No. 2021-03 at the June 23, 2021 Board of Directors meeting. These loans are:

1. GLWA Regional System: Loan 7461-02 for approximately \$104 million to fund Phase II of the 14 Mile Road Transmission Main Project;
2. DWSD Local System: Loan 7484-01 for approximately \$11.5 million (after loan forgiveness of \$1.3 million) to fund the Jefferson Chalmers Water Main Replacement Project.

During the preliminary loan closing held with the state of Michigan departments of Environment, Great Lakes, and Energy (EGLE) and Treasury this week, GLWA was offered new FY 2021 rate and term options not available at the time of the original loan applications.

While the Series Ordinance authorizes the GLWA Chief Executive Officer and Chief Financial Officer/Treasurer to confirm the final rates and terms associated with these loans, GLWA administration is advising the Board of Directors of these new options before proceeding.

JUSTIFICATION

GLWA, its bond advisors and counsel, state administrators have reviewed these new options that became apparent during the week of July 19, 2021. See attached communications and analysis from Public Financial Advisors (PFM) and The Foster Group (TFG) summarizing these discussions which outline rate and term options and recommendations for each loan. The bottom-line recommendation is to continue to utilize a 20-year term for the GLWA financing. Related to the DWSD loan, in consultation with DWSD's Director and Chief Financial Officer, a 20-year term (rather than 30-year as originally planned) was selected due to lower interest rate on the 20-year term is determined to be the most appropriate option.

BUDGET IMPACT

There is no budget impact resulting from this recommendation because it aligns with the FY 2022 budgeted terms and rates for these loans.

COMMITTEE REVIEW

The GLWA Audit Committee supports the recommendation of a 20-year term for both SRF loan 7461-02 and 7484-01 and recommended that this report be forwarded to the Board of Directors to receive and file.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.