



Legislation Details (With Text)

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Title: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$40,000,000 (Ordinance 2022-03)

Sponsors: Nicolette Bateson

Indexes: Finance

Code sections:

Attachments: 1. 7B0 AC Memo - Approval of Series Ordinance 2022-03- Water Supply System, 2. 7B2 Series Ordinance (2022 SRF 2 4 Quarter DWRF), 3. 7B3 Resolution Approving 2022 SRF-2 Ordinance (DWRF)

Date	Ver.	Action By	Action	Result
6/22/2022	1	Board of Directors	Approved	Pass
5/27/2022	1	Audit Committee	Recommended for Approval	Pass

Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$40,000,000 (Ordinance 2022-03)

Agenda of: June 22, 2022
Item No.: **2022-211**
Amount: Not to Exceed \$40,000,000

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: June 22, 2022

RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$40,000,000 (Ordinance 2022-03)

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 Water Supply System Revenue Bonds in an Amount Not to Exceed \$40,000,000 as presented**, and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

There are two elements to the background related to this resolution: financing considerations and the project being funded.

Financing Considerations

The amount being financed with revenue bonds via the Drinking Water Revolving Fund (DWRf) Bonds is within authorized GLWA limits. 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 fourth series of water bonds from that Notice of Intent in the amount not to exceed \$40,000,000.

The proposed action authorizes the bonds to be issued. 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 2022 SRF-2 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.

Project Considerations

Project Plan Approval - On June 23, 2021, the GLWA Board of Directors conducted a [public hearing](https://glwater.legistar.com/LegislationDetail.aspx?ID=4993304&GUID=88FA75AC-3F67-441C-9EB7-F2DBBE6927FC) [related to the 96-inch Water Transmission Main \(WTM\) Relocation Project - FY 2022 Drinking Water Revolving Fund \(DWSRF\) Project Plan](https://glwater.legistar.com/LegislationDetail.aspx?ID=4993304&GUID=88FA75AC-3F67-441C-9EB7-F2DBBE6927FC). Subsequent to that public hearing, the Board adopted the [project plan](https://glwater.legistar.com/LegislationDetail.aspx?ID=4993302&GUID=52DC253C-FD23-4F76-97C2-8344BB031843&FullText=1) [8344BB031843&FullText=1](https://glwater.legistar.com/LegislationDetail.aspx?ID=4993302&GUID=52DC253C-FD23-4F76-97C2-8344BB031843&FullText=1).

Project Plan - It should be noted that the estimated costs for the project plan were estimated at approximately \$171 million for "Alternative 10" in the above referenced documents presented in June 2021.

JUSTIFICATION

This series of bonds authorized by this ordinance will be sold through the state of Michigan's DWRf program (Project #7532-01) is a Regional Water System project involving the 96-inch water main relocation. Redundant supply features for the 96-inch water main are considered prudent for preserving its long-term viability.

The 2022 SRF-2 Junior Lien Bonds will be sold to the Michigan Finance Authority. The current program interest rate for the DWRF is 1.875% for 20-year and 2.125% for 30-year loans. Based on the not to exceed amount for this series of \$40.0 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. An estimate for debt service on the loan is included in the biennial FY 2024 Water Budget as well as GLWA's current ten year forecast.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on May 27, 2022. The Audit Committee unanimously recommended approval of the resolution Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Amount Not to Exceed \$40,000,000 as presented.