



## Legislation Text

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File #: 2021-022, Version: 1

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### **Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Amount Not to Exceed \$15,000,000 (Ordinance 2021-01)**

Agenda of: January 27, 2021  
Item No.: **2021-022**  
Amount: Not to Exceed \$15,000,000

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

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

**DATE:** January 27, 2021

**RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Amount Not to Exceed \$15,000,000 (Ordinance 2021-01)**

### **MOTION**

Upon recommendation of Sue McCormick, Chief Executive Officer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approve the resolution Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Amount Not to Exceed \$15,000,000 as presented**, and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

### **BACKGROUND**

On February 26, 2020, the Great Lakes Water Authority ("GLWA") Board of Directors approved Resolution 2020-067, "Resolution of the Great Lakes Water Authority Authorizing Publication of Notice of Intent to Issue Sewage Disposal

System Revenue Bonds in a principal amount not to exceed \$75,000,000” (the “Notice of Intent”). This is the second series of sewer bonds from that Notice of Intent in the amount not to exceed \$15,000,000.

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 Revolving Fund (CWRP) Bonds, designates the Bonds as 2021 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 CWRP program (Project #5673-01) and will be used to finance the improvements to the Regional Sewer System, including but not limited to the rehabilitation of the ferric chloride feed and storage system at Pump Station 1 and associated sewage sludge transfer pipeline. Per the Ordinance, this series of bonds will be designated 2021 SRF-1 Junior Lien Bonds, with a loan amount not to exceed \$15,000,000.

The 2021 SRF-1 Junior Lien Bonds will be sold to the Michigan Finance Authority. The current program interest rate for the CWRP is 1.875% and is typically payable over a 20-year term. Based on the not to exceed amount for this series of \$15.0 million, GLWA could save an estimated \$7.0 million in interest costs and avoided issuance costs, based on a similar open market revenue bond with a 30-year term and 3.50% interest rate, over the life of the 30-year bond issue.

### **BUDGET IMPACT**

The debt service payments on the GLWA Regional project are anticipated to start on October 1, 2021 with minimal amounts of interest due, because of the projected draw down schedules. Interest expense on the loan is included in the FY 2022 Sewer Budget.

### **COMMITTEE REVIEW**

This matter was reviewed by the GLWA Audit Committee at its meeting on January 15, 2021. The Audit Committee recommended approval of the resolution Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Amount Not to Exceed \$15,000,000 as presented.