

The Semiannual Debt Report includes the following:

1. Key Takeaways
2. Background
3. Look Ahead – Five Year Capital Financing Plan
4. Existing Debt
5. Debt Service Coverage
6. Refinancing

Key Takeaways

- ✓ The purpose of this report is to provide a resource for stakeholders and to support management decisions as capital financing needs evolve.
- ✓ GLWA continues to enhance transparency by including the Debt Summary Report in the Audit Committee Binder semiannually.
- ✓ GLWA has twenty-six active State Revolving Fund (SRF) loans, twelve for water and fourteen for sewer. GLWA administers five of those water loans and four of those sewer loans on behalf of DWSD.
- ✓ GLWA completed a refunding transaction for water and sewer in June 2025.
- ✓ Other key items of interest include the following balances as of September 30, 2025.

As of September 30, 2025 (\$ Millions)		
	Water	Sewer
FY 2026 Approved SRF Projects - Table 5	\$75.7	\$261.9
DWSD Obligation Receivable - Table 6	\$504.3	\$326.8
GLWA Outstanding Debt - Table 8	\$2,629.4	\$2,662.8

Background

Pursuant to leases that became effective on January 1, 2016, the Great Lakes Water Authority (GLWA) assumed possession and control of the regional assets of both the water supply and sewage disposal systems owned by the City of Detroit (City), which were previously operated by the Detroit Water and Sewerage Department (DWSD). GLWA assumed certain liabilities including State Revolving Fund loans and 100% of the revenue bond debt issued by DWSD prior to January 1, 2016.

The bonds are repaid by the revenues of the water and sewage disposal systems including the DWSD retail system (local system) revenues which are the exclusive property of GLWA in accordance with Section 5.7 of each lease agreement. DWSD is GLWA's agent for purposes of billing and collection of the retail system revenues for both the water and sewer system, as set forth in a water and sewer services agreement between the City and GLWA. All revenue receipts are deposited into a trust and administered in compliance with the Master Bond Ordinance, applicable to each system (referred to herein collectively as the "MBO").

The leases also provide that GLWA will finance local system improvements of DWSD. GLWA is the obligor of 100% of the debt payable which is recorded in GLWA's books. An "obligation receivable" is recorded by GLWA which represents the amount related to the DWSD local system improvements. Accordingly, DWSD records a corresponding "obligation payable" for a like amount.

GLWA maintains detailed records of all debt issuances and how the responsibility for payment of debt is allocated between the regional system and local system, as well as between the water and sewer systems. GLWA and DWSD regularly reconcile interrelated accounts between the entities.

The lease agreements, water and sewer services agreement, and MBO noted above are available on GLWA's website at www.glwater.org. The above explanation is a synopsis of key points and is not intended to fully represent the agreements or any sub-sections thereof.

Look Ahead - Five Year Capital Financing Plan

The following tables summarize the projected Capital Improvement Program (CIP) funding to be provided by proceeds received from the issuance of new revenue bonds and draws on committed SRF loans. *The financing plan is dynamic and changes with the pace of capital spending and alignment with refunding opportunities.*

GLWA closed on revenue bond transactions in June 2025 to refinance existing obligations of GLWA for debt service savings. This transaction achieved substantial reductions in future cash flow savings requirements of \$33.7 million for water system and \$43.6 million for sewer system.

Table 1 - GLWA Projected Financing FY 2026 – FY 2030 provides a breakdown of projected financing based on the FY 2026 and FY 2027 Biennial Budget adopted by the GLWA Board of Directors and the related Five-Year Financial Plan. Estimated SRF loan draws are net of loan forgiveness and grants.

	Projected Funding Needs for Regional System				
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water					
Revenue Bonds	\$ 222,000,000	\$ 290,000,000	\$ 209,000,000	\$ 138,000,000	\$ 124,000,000
Estimated SRF loan draws	\$ 1,400,000	\$ -	\$ -	\$ -	\$ -
Total projected funding Water	\$ 223,400,000	\$ 290,000,000	\$ 209,000,000	\$ 138,000,000	\$ 124,000,000
Sewer					
Revenue Bonds	\$ 101,000,000	\$ 125,000,000	\$ 111,000,000	\$ 83,000,000	\$ 57,000,000
Estimated SRF loan draws	\$ 52,900,000	\$ 99,700,000	\$ 103,800,000	\$ 93,700,000	\$ 50,700,000
Total projected funding Sewer	\$ 153,900,000	\$ 224,700,000	\$ 214,800,000	\$ 176,700,000	\$ 107,700,000

Table 2 - DWSD Projected Financing FY 2026 – FY 2030 provides a breakdown of projected financing based on the current FY 2026 Ten Year Financial Projection. GLWA and DWSD coordinate the timing for additional revenue bonds to ensure efficiency in the debt management process. Estimated SRF loan draws are net of loan forgiveness and grants.

Projected Funding Needs for Local System					
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water					
Revenue Bonds	\$ -	\$ -	\$ 45,000,000	\$ -	\$ -
Estimated SRF loan draws	\$ 8,000,000	\$ 60,000,000	\$ 56,000,000	\$ 16,000,000	\$ 16,000,000
Total projected funding Water	\$ 8,000,000	\$ 60,000,000	\$ 101,000,000	\$ 16,000,000	\$ 16,000,000
Sewer					
Revenue Bonds	\$ -	\$ -	\$ 50,000,000	\$ -	\$ -
Estimated SRF loan draws	\$ 8,000,000	\$ 37,900,000	\$ 42,100,000	\$ 25,700,000	\$ 28,000,000
Total projected funding Sewer	\$ 8,000,000	\$ 37,900,000	\$ 92,100,000	\$ 25,700,000	\$ 28,000,000

Existing Debt

Current Debt Ratings: Bond ratings are a key measure of an organization's financial strength. Ratings are established by independent agencies that conduct detailed reviews of an organization's operational and financial performance to assist those seeking to invest in an organization through the purchase of bonds. GLWA actively monitors its debt ratings and continually seeks to make operational and financial improvements to improve its bond ratings. Achieving higher ratings will allow GLWA to finance its capital needs at lower interest rates.

In advance of the June 2025 bond transaction, GLWA secured affirmation of the 'AA' category from two bond rating agencies and an upgrade from the third. Moody's Investors Service affirmed GLWA's senior lien debt rating at 'Aa3' for both the water and sewer systems. Fitch Ratings moved GLWA's senior lien debt for the sewer system into 'AA' (up from 'AA-') and affirmed its A+ rating for the water system. Standard & Poor Global Ratings affirmed its outstanding senior lien water and sewer system debt at 'AA-'.

Table 3 – Debt Ratings by System provides a summary of the debt ratings.

Current Debt Ratings			
	S&P Global Ratings	Moody's Investors	Fitch Ratings
Water Supply System Revenue Bonds			
Senior lien	AA-	Aa3	A+
Second lien	A+	A1	A
Junior lien	A+	N/A	N/A
Outlook	Stable	Stable	Stable
Sewage Disposal System Revenue Bonds			
Senior lien	AA-	Aa3	AA
Second lien	A+	A1	AA-
Junior lien	A+	N/A	N/A
Outlook	Stable	Stable	Stable

Debt Allocation: GLWA has over \$2.6 billion in water system debt and nearly \$2.7 billion in sewer system debt for a combined total of over \$5.3 billion. Debt within each system is prioritized according to its security interest, or lien category, with senior lien debt having the highest security interest, followed by second lien and finally junior lien.

Chart 1 - Debt Type by Lien – Water provides a breakdown of the total water system debt for both the regional and local systems by lien type.

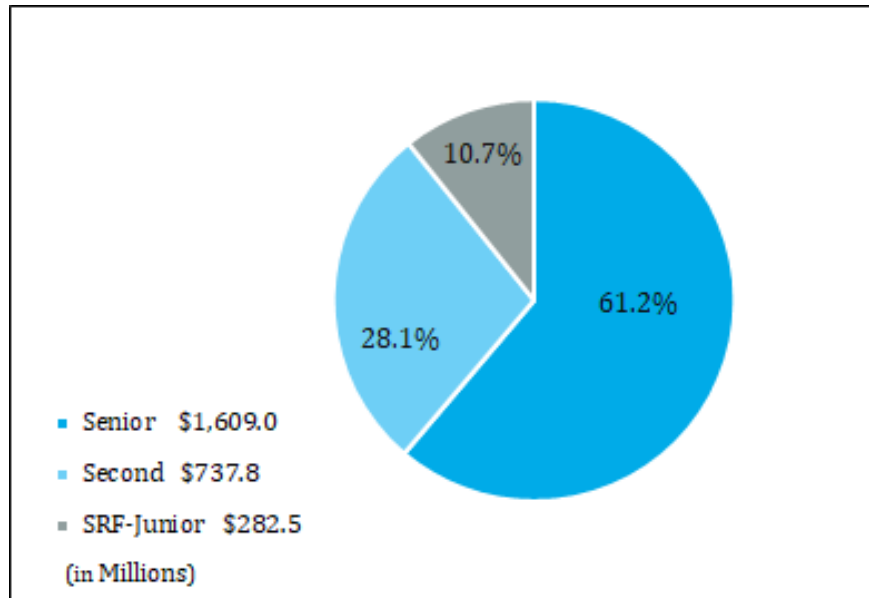


Chart 2 - Debt Type by Lien – Sewer provides a breakdown of the total sewer system debt for both the regional and local systems by lien type.

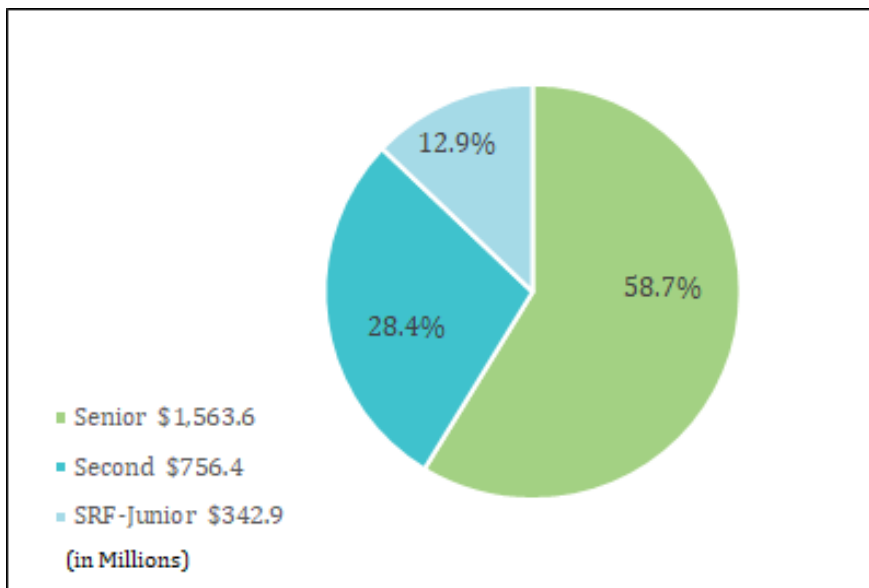


Chart 3 – Annual Debt Service Payments by Lien – Water provides the annual debt service installment requirements for each fiscal year base on payment dates.

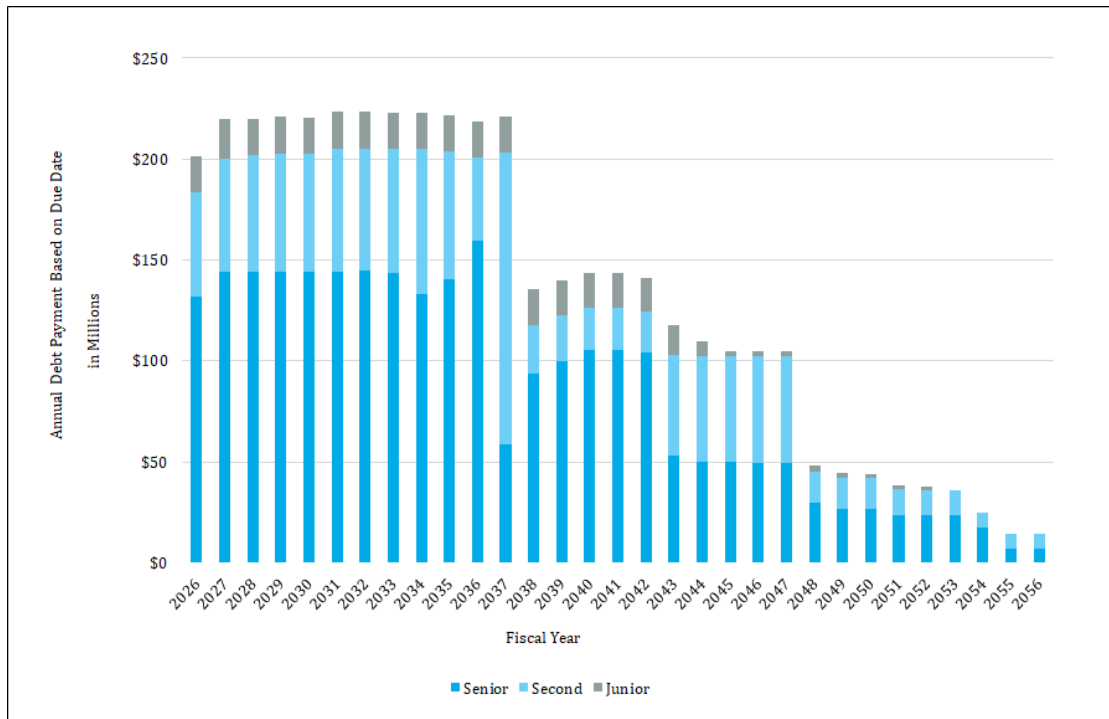
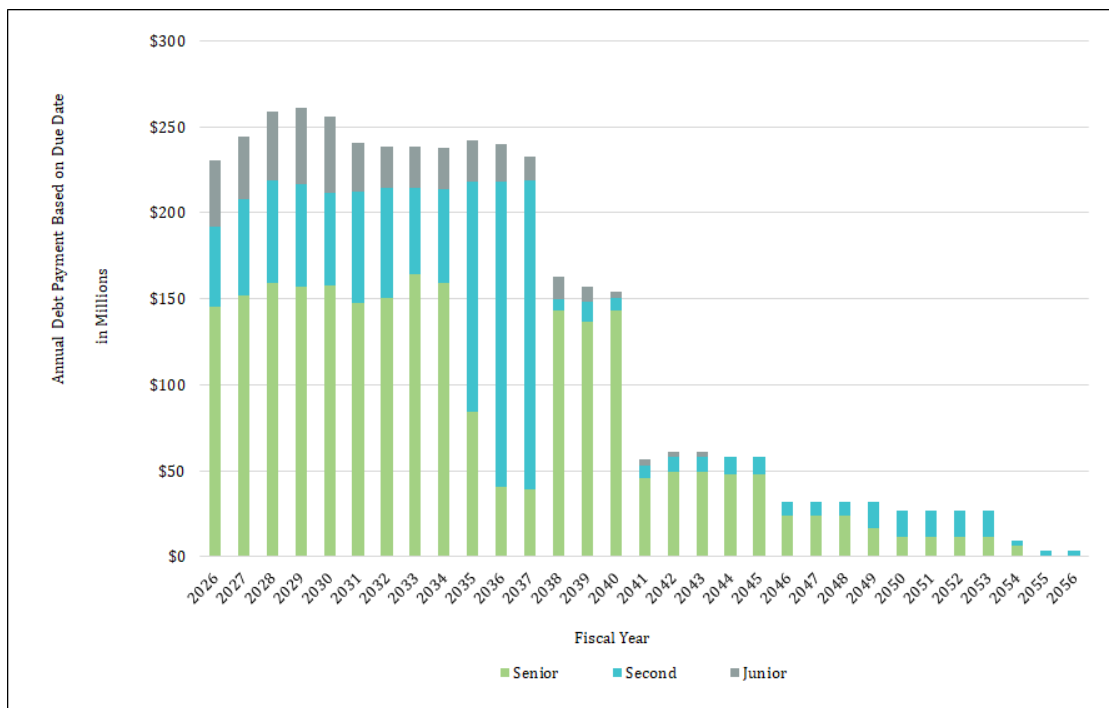


Chart 4 – Annual Debt Service Payments by Lien – Sewer provides the annual debt service installment requirements for each fiscal year base on payment dates.



Note: The figures in these charts reflect the debt service installment requirements for each fiscal year, which are required by the MBO to be set aside monthly in advance of actual payment dates. This information is based on the most recent DRAFT Annual Comprehensive Financial Report through June 30, 2025.

State of Michigan's State Revolving Fund (SRF) Programs: GLWA participates in the Clean Water State Revolving Fund (CWSRF) to finance qualified sewage disposal system projects and the Drinking Water State Revolving Fund (DWSRF) to finance qualified water supply system projects. For the purposes of this report, both water and sewer projects financed through these programs will be referred to as either water or sewer SRF loans.

These loan programs have interest rates that are well below open market interest rates (current estimate approximately 4.5%) and are repaid over 20-30 years. For the State's 2026 fiscal year, the DWSRF and CWSRF program rates are 2.5% for 20-year loans and 2.75% for 30-year loans. Overburdened applicant's rates are 2.0% and significantly overburdened applicant's rates are 1.0% for 20 and 30 year loans. Interest on each loan is based on the amount of funds disbursed and not the full loan amount.

In order to be considered for funding through the CWSRF or DWSRF program, GLWA must submit an Intent to Apply Form for each new project submission or resubmission (carryover from previous years) by November 1st. A Board approved project planning document is due to the Michigan Department of Environment, Great Lakes, and Energy ("EGLE", and formerly known as the Michigan Department of Environmental Quality or MDEQ) for each new project submission by May 1 for CWSRF and June 1 for DWSRF. Once the project is approved for funding, and the loan closing occurs, GLWA may begin drawing down on the loan. A disbursement request can be made after engineering and/or construction costs are paid.

State Revolving Fund Loans: GLWA's strategy is to maximize its use of SRF loans to finance qualified capital projects. GLWA currently has \$282.5 million in outstanding water SRF loans and \$342.9 million in outstanding sewer SRF loans.

Table 4 - Active SRF Project Summary provides information regarding each loan currently being drawn down including the loan award date which is also referred to as the Order of Approval date by the State of Michigan.

State Loan #	CIP Reference	Description	Order of Approval	Project Total (\$ Millions)
SRF Water - DWSD Projects				
7460-01	WS-710 & 711	Water Main Replacement	7/15/2020	\$22.3
7483-01	WS-715 & 718	Water Main Replacement	9/9/2020	\$12.3
7484-01	WS-713	Water Main Replacement - Jefferson Chalmers	8/6/2021	\$11.7
7548-01	WS-721	Lead Service Line Water Main Replacement	4/8/2022	\$10.0
7888-01	WS-742	Water Main Replacement, Various Locations in Detroit District 2	8/6/2025	\$20.7
SRF Water - GLWA Projects				
7445-01	122003	Northeast Transmission Phase 1	8/9/2019	\$29.1
7445-02	122003	Northeast Transmission Main - Phase 2a	8/7/2020	\$7.2
7445-04	122003	Northeast Transmission Main - Phase 3a	5/28/2021	\$4.2
7461-01	122013	14 Mile Transmission Main Loop - Phase 1	8/7/2020	\$9.0
7461-02	122013	14 Mile Transmission Main Loop - Phase 2	8/6/2021	\$104.7
7532-01	122004	96-inch Water Transmission Main Relocation Project - Phase 1	8/29/2022	\$34.1
7532-02	122004	96-inch Water Transmission Main Relocation Project - Phase 2	6/26/2023	\$48.2
			Total Water	\$313.4
SRF Sewer - DWSD Projects				
5688-01	DWS-916	Sewer Main Rehab/Rplcmt - Project A	9/9/2020	\$4.0
5706-01	DWS-917 & 918	Sewer Main Replacements - Project B	9/9/2021	\$9.2
5980-01	PC-818	CSO West Chicago South Stormwater Improvements	8/7/2024	\$5.1
6002-01		Sewer System Rehabilitations - District 1, 2, 4, 5, 6 and 7	8/6/2025	\$11.2
SRF Sewer - GLWA Projects				
5655-02	222002	Detroit River Interceptor Segment 2	3/27/2020	\$28.4
5655-03	222002	Detroit River Interceptor Segment 3	5/16/2020	\$34.2
5673-01	211008	PS-1 Ferric Chloride System Rehabilitation	2/26/2021	\$12.9
5708-01	232005	Freud Pump Station	4/8/2024	\$126.8
5741-01	260701	In-System Storage Device & Dam & Valve Remote Evaluation & Rehabilitation	8/29/2022	\$19.0
5742-01	260204	Connor Creek Sewer System Rehabilitation	8/8/2022	\$50.2
5836-01	211006	Pump Station #1 Rehabilitation	5/15/2023	\$98.4
5838-01	212008	WRRF Aeration Improvements 1 and 2	4/8/2024	\$175.0
5840-01	222001	Oakwood District Intercommunity Relief Sewer Modification	12/20/2023	\$80.5
6001-01	270004	CSO Improvement Project - Oakwood & Lieb	8/15/2025	\$67.3
			Total Sewer	\$722.2

Chart 5 - Open State Revolving Fund Loans summarizes all current SRF loans held by GLWA (including financings on behalf of DWSD) that are active (reference Table 4 above for project descriptions). It summarizes the original award amount remaining and the amount drawn down as of September 30, 2025 for each loan. On September 30, 2025, the amount of SRF loans authorized and unissued is \$27.0 million for the Water fund and \$533.1 million for the Sewerage Disposal Fund.

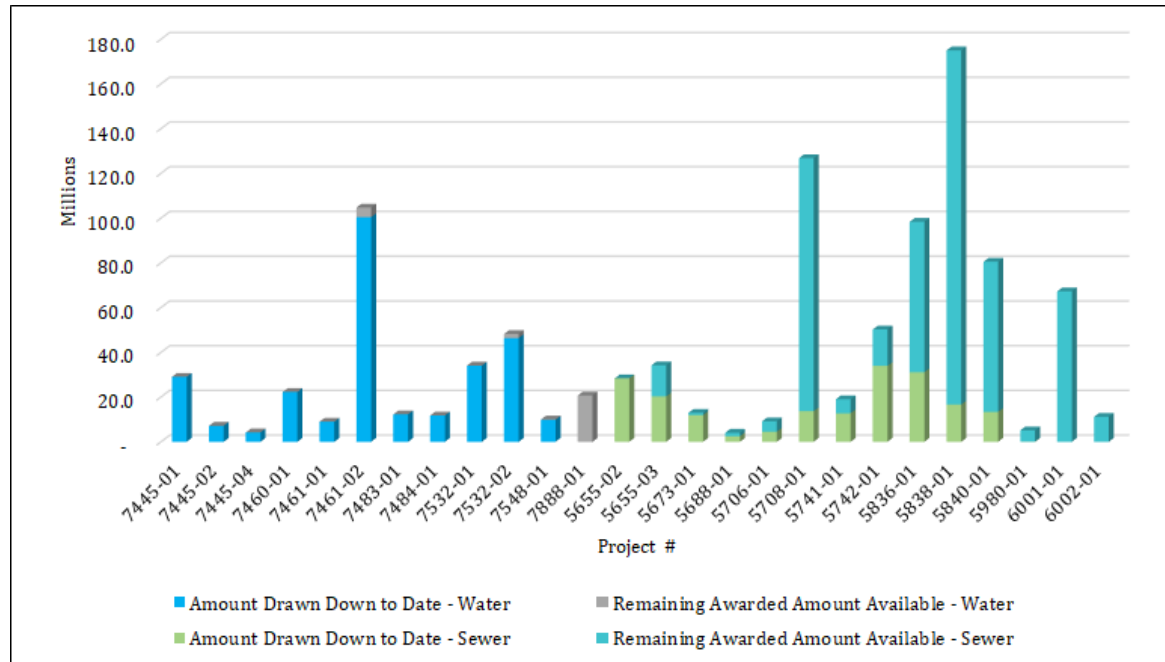


Table 5 - Project Plans Approved by EGLE for FY 2026 provides a list of all projects that were approved for funding in EGLE’s Final Intended Use Plan. The Intended Use Plan outlines how EGLE will distribute funds for the upcoming fiscal year.

Project Owner	CIP Number	Description	Estimated Award Amount	Anticipated Funding Date
Water SRF				
DWSD	WS-741	Water Main Replacement, Various Locations in Detroit District 1	\$ 25,670,000	FY 2026
DWSD	N/A	Water Main Replacements & Lead Service Line Replacements	\$ 40,000,000	FY 2026
DWSD	N/A	Lead Service Line Replacements at Select Locations in Detroit	\$ 10,000,000	FY 2026

Total Water SRF **\$ 75,670,000**

Sewer SRF				
GLWA	213006	Water Resource Recovery Facility (WRRF) Improvements to the sludge Feed System for Solids Processing	\$ 26,550,000	FY 2026
GLWA	273001	Hubbell Southfield CSO Facility Improvements	\$ 67,483,000	FY 2026
GLWA	270006	CSO Facilities Improvements II	\$ 23,578,000	FY 2026
GLWA	216008	Rehabilitation of Screened Final Effluent (SFE) Pump Station	\$ 104,266,994	FY 2026
GLWA	211005.2	Pump Station #2 VFD Replacement	\$ 20,000,000	FY 2026
DWSD	N/A	Sewer Rehabilitation in th Neighborhoods of Hubbard Farms and North Corktown	\$ 20,000,000	FY 2026

Total Sewer SRF **\$ 261,877,994**

DWSD Obligation Receivable: GLWA holds an obligation receivable from DWSD as an asset to account for the amount due for financing local system capital projects. DWSD carries a like amount of this as an obligation payable on its statement of net assets.

There are three components to the calculation of the DWSD obligation receivable.

1. An agreed upon amount for pre-January 1, 2016 (i.e. “pre-bifurcation”) debt as documented in a 2018 Memorandum of Understanding (\$455 million for water system and \$370 million for sewer per agreed-upon amortization schedules),
2. New revenue bonds issued after January 1, 2016 to specifically fund the DWSD local system capital improvement projects which are payable based on the allocable share of the actual bonds debt service schedule, and
3. SRF loans issued after January 1, 2016 for specific DWSD capital projects which are payable based on the allocable share of the actual loan payment schedule.

All retail customer revenues are deposited into a trust to fund these financial obligations in accordance with the MBO flow of funds.

Chart 6 - DWSD Obligation Receivable by Type summarizes the total DWSD obligation receivable balance for both Water and Sewer as of September 30, 2025 by pre-bifurcation, revenue bond and SRF component.

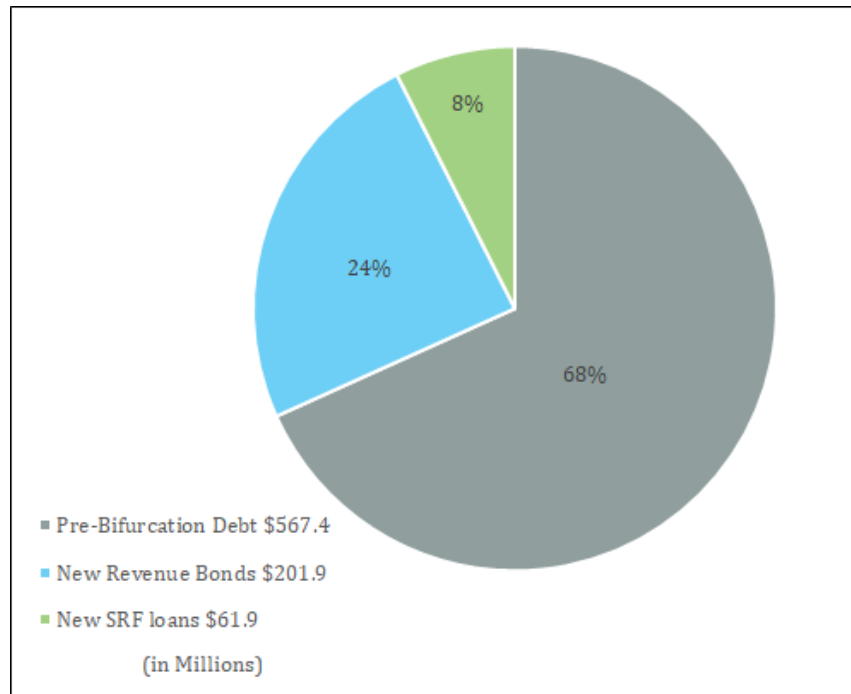


Chart 7 - Obligation Receivable Compared to Total Debt - Water provides context by comparing the Water System Obligation Receivable to the Total Water Debt (excludes unamortized premiums).

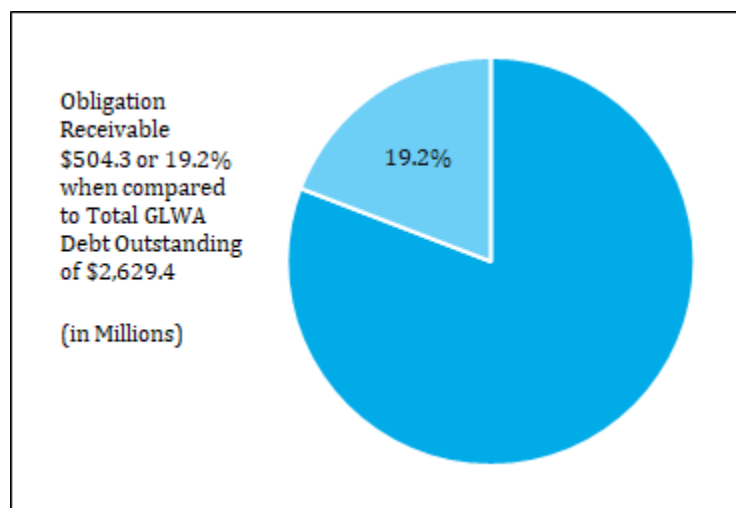


Chart 8 – Obligation Receivable Compared to Total Debt - Sewer provides context by comparing the Sewer System Obligation Receivable to the Total Sewer Debt (excludes unamortized premiums).

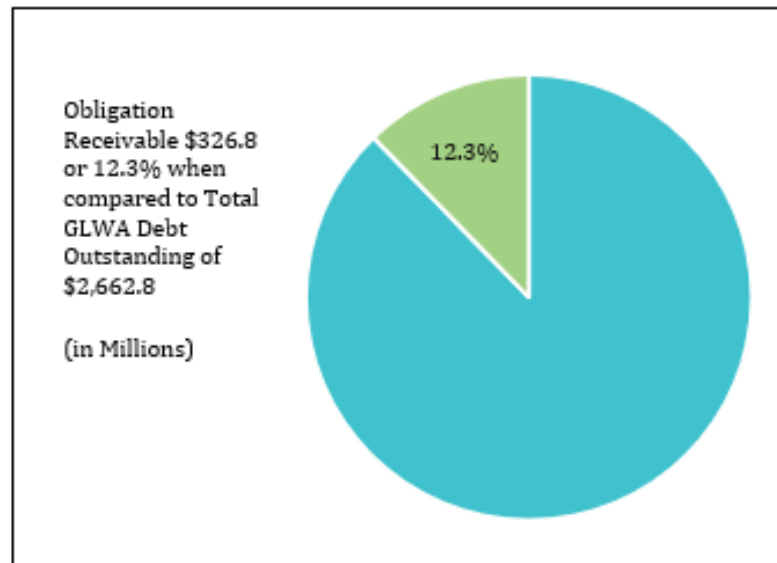


Table 6 - DWSD Obligation Receivable provides obligation receivable detail including fiscal year 2026 beginning balances by debt type and loan issue (for revenue bonds and SRF loans), year-to-date activity and ending balances as of September 30, 2025. Total DWSD debt totals \$854.7 million. This differs slightly from the total in Chart 6 due to the inclusion of unamortized premiums.

Debt Type	DWSD Obligation Receivable (\$ Thousands)						September 30, 2025 End Balance
	July 1, 2025 Beg Balance	Increase	Decrease	Refunding	Debt Forgiveness		
	Water Fund						
Revenue Bonds	\$ 451,583	\$ -	\$ (6,412)	\$ -	\$ -	\$ 445,171	
State Revolving Loans	61,070	-	(1,930)	-	-	59,140	
Total Installment Debt	512,653	-	(8,342)	-	-	504,311	
Unamortized Premiums / Discounts	16,497	-	(202)	-	-	16,295	
Subtotal: Water	529,150	-	(8,544)	-	-	520,606	
	Sewer Fund						
Revenue Bonds	\$ 329,607	\$ -	\$ (5,535)	\$ -	\$ -	\$ 324,072	
State Revolving Loans	3,226	-	(450)	-	-	2,776	
Total Installment Debt	332,833	-	(5,985)	-	-	326,848	
Unamortized Premiums / Discounts	7,309	-	(106)	-	-	7,204	
Subtotal: Sewer	340,142	-	(6,091)	-	-	334,051	
Total Combined, Long Term Debt	\$ 869,292	\$ -	\$ (14,635)	\$ -	\$ -	\$ 854,657	

Table 7 – DWSD Loan Forgiveness provides a summary of loan principal forgiven on DWSD SRF loans closed after January 1, 2016. EGLE grants principal loan forgiveness on qualified planning costs for disadvantaged communities. Through September 30, 2025, \$38.5 million or 27% of approved DWSD SRF loans with loan forgiveness have been forgiven as a disadvantaged community.

State Loan #	Approved Amount	Loan Forgiveness
DWSD Water SRF		
SRF 7412-01	10,605,000	1,000,000
SRF 7413-01	5,180,000	1,000,000
SRF 7414-01	8,675,000	2,000,000
SRF 7447-01	16,500,000	4,711,944
SRF 7460-01	22,281,502	2,005,335
SRF 7483-01	12,262,579	1,103,632
SRF 7484-01	11,741,247	1,111,420
SRF 7548-01	9,832,180	9,832,180
SRF 7888-01	17,765,296	5,336,296
Subtotal: Water	114,842,804	28,100,808
DWSD Sewer SRF		
SRF 5688-01	4,040,000	808,000
SRF 5706-01	9,175,000	2,293,750
SRF 5980-01	5,088,092	5,088,092
SRF 6002-01	11,180,000	2,236,000
Subtotal: Sewer	29,483,092	10,425,842
Total DWSD Debt	\$ 144,325,896	\$ 38,526,650

Table 8 – GLWA Loan Forgiveness provides a summary of loan principal forgiven on GLWA SRF loans closed after January 1, 2016. EGLE grants principal loan forgiveness on qualified planning costs for disadvantaged communities. Through September 30, 2025, \$34.1 million or 10% of approved GLWA SRF with loan forgiveness loans have been forgiven.

State Loan #	Approved Amount	Loan Forgiveness
GLWA Water SRF		
Subtotal: Water	-	-
GLWA Sewer SRF		
SRF 5836-01	96,037,720	7,217,720
SRF 5838-01	175,000,000	20,000,000
SRF 6001-01	67,270,000	6,852,000
Subtotal: Sewer	338,307,720	34,069,720
Total GLWA Debt	\$ 338,307,720	\$ 34,069,720

Annual Change in Outstanding Debt: It is the goal of GLWA to ensure the long-term sustainability of the water and sewer systems. One of the best ways to accomplish this is by reducing the debt service payments on existing bonds as well as reducing the amounts of future bond issues by using revenue financed (also known as pay as you go) capital.

Table 9 - Long-Term Debt Summary provides of GLWA's fiscal year 2026 beginning balances by debt type and loan issues, year-to-date activity, and ending balances as of September 30, 2025. GLWA debt includes financing for both the regional and local share.

Debt Type	Long-Term Debt Summary (\$ Thousands)					
	July 1, 2025 Beg. Balance	Increase	Decrease	Refunding	Debt Forgiveness	September 30, 2025 End Balance
Water Fund						
Revenue Bonds	\$ 2,427,660	\$ -	\$ (80,840)	\$ -	\$ -	\$ 2,346,820
State Revolving Loans	285,768	4,954	(8,180)	-	-	282,541
Total Installment Debt	2,713,428	4,954	(89,020)	-	-	2,629,361
Unamortized Premiums / Discounts	179,277	-	(4,404)	-	-	174,872
Subtotal: Water	2,892,704	4,954	(93,425)	-	-	2,804,234
Sewer Fund						
Revenue Bonds	2,413,300	-	(93,355)	-	-	2,319,945
State Revolving Loans	350,798	12,853	(20,790)	-	-	342,861
Total Installment Debt	2,764,098	12,853	(114,145)	-	-	2,662,806
Unamortized Premiums / Discounts	114,319	-	(2,058)	-	-	112,260
Subtotal: Sewer	2,878,416	12,853	(116,203)	-	-	2,775,066
Total Combined, Long Term Debt	\$ 5,771,121	\$ 17,808	\$ (209,628)	\$ -	\$ -	\$ 5,579,300

Debt Service Coverage

GLWA is committed to ensuring the long-term sustainability of the water and sewer systems and has pledged specific revenue streams to secure the repayment of the revenue bonds and SRF loans associated with them. The MBO establishes minimum debt coverage levels at 1.20 for senior lien bonds, 1.10 for second lien bonds and 1.00 for any junior lien bonds, other than second lien bonds. Debt service coverage ratios are inclusive of all debt held on behalf of both GLWA and DWSD.

GLWA computes the debt service coverage ratio using two different methodologies. The Rate Covenant Method uses the cash basis in computing pledged revenue and the GAAP Method uses the accrual basis in computing pledged revenue. Pledged revenue is divided by the debt service requirements of each lien on a set aside basis to compute the debt service coverage ratio. The set aside basis is defined as the cash available to make the debt service payments on the due dates. The following table details the components of the pledged revenue for each methodology.

Components of Pledged Revenue	Pledged Revenue Calculation	Rate Covenant Basis	GAAP Basis
Revenues	Addition	Cash basis	Accrual basis
GLWA O&M expenses	Subtraction	Cash basis	Accrual basis
GLWA O&M pension	Subtraction	Cash basis	Cash basis
DWSD O&M expenses & O&M pension	Subtraction	Cash transfers to DWSD	Cash transfers to DWSD

Table 10: Debt Service Coverage Ratios - Water provides a summary of the MBO required minimum, historical, and budgeted debt service coverage ratios for the Water fund.

Debt Service Coverage Water System								
	MBO Required Minimum	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Adopted Budget 2025	Adopted Budget 2026	Adopted Budget 2027
Rate Covenant Basis								
Senior Lien Bonds	1.20	1.99	1.88	1.88	1.87	1.89	1.80	1.72
Senior and second lien bonds	1.10	1.40	1.37	1.37	1.36	1.38	1.36	1.32
All bonds, including SRF junior lien	1.00	1.38	1.33	1.31	1.26	1.26	1.24	1.21
GAAP Basis								
Senior Lien Bonds		1.95	2.00	1.99	1.96			
Senior and second lien bonds		1.38	1.45	1.45	1.42			
All bonds, including SRF junior lien		1.35	1.41	1.38	1.32			

Table 11: Debt Service Coverage Ratios - Sewer provides a summary of the MBO required minimum, historical, and budgeted debt service coverage ratios for the Sewer fund.

Debt Service Coverage Sewage Disposal System								
	MBO Required Minimum	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Adopted Budget 2025	Adopted Budget 2026	Adopted Budget 2027
Rate Covenant Basis								
Senior Lien Bonds	1.20	2.92	2.35	2.17	2.06	2.15	2.19	2.14
Senior and second lien bonds	1.10	1.97	1.68	1.72	1.54	1.59	1.62	1.59
All bonds, including SRF junior lien	1.00	1.51	1.30	1.37	1.24	1.31	1.37	1.34
GAAP Basis								
Senior Lien Bonds		2.50	2.64	2.13	2.04			
Senior and second lien bonds		1.68	1.89	1.69	1.53			
All bonds, including SRF junior lien		1.29	1.46	1.34	1.23			

Refinancing

To reduce the annual water and sewer debt service payments, GLWA monitors its outstanding water and sewer debt portfolios to determine if it can refund existing bond issues with new, lower interest rate bonds. On an ongoing basis, GLWA's registered municipal advisor, PFM Financial Advisors, LLC (PFM) monitors GLWA's bond refunding opportunities based on the current municipal interest rate environment and the existing debt service on GLWA's callable bonds.

On June 30, 2025, \$309.3 million of water supply system refunding bonds and \$387.6 million of sewage disposal system refunding bonds were issued. GLWA received significant investor interest despite heavy tax-exempt supply in the market on the same day, driven by recent decreases in interest rates and favorable tax-exempt ratios.

Key elements of this transaction include:

- Rating agency upgrade achieved from Fitch (Sewer), continuing the Authority's positive rating trajectory and credit story
- The bond transaction focused on securing \$230 million in new money bond proceeds to replenish funding for water system capital improvement projects and \$50 million in new money bond proceeds to replenish funding for wastewater system capital improvements
- Innovative Tender Refunding Plus Current Refunding Results in Significant Savings. Because of a market opportunity to buy back bonds at an attractive price and reduce regional system debt service, GLWA invited the holders of \$1.37 billion of previously issued water and sewer bonds to sell their bonds back to the Authority. Holders of \$625.3 million of bonds accepted GLWA's offer, representing a participation rate of 46 percent, which exceeded expectations as that level is well above the average level of similar transactions over the past year. GLWA sold \$415 million of refunding bonds to pay for the purchase, in conjunction with the new money and current refunding transactions.
- Ultimately, the tender refunding transaction will reduce GLWA debt service future cash flow needs by \$43 million through 2040, representing a present value savings to GLWA of \$32 million. The transaction underscores GLWA's commitment to pursuing innovative financing strategies to reduce its debt service costs for member partners.
- In addition to the tender refunding, a current refunding resulted in further decreased future cash flow needs by \$34 million through 2040, representing a present value savings to GLWA of \$29 million.
- The combined effect of the two refunding strategies is \$77 million of cash flow savings (\$61 million of present value savings).
- On the heels of its rating upgrade, GLWA engaged in a comprehensive investor outreach. This outreach, combined with a strong day within the financial markets, attracted orders from nearly 70 unique institutional investors. In addition, retail orders were placed on behalf of several individual retail investors.

Table 12: History of Cash Flow Savings - since 2016 through the leadership of the Authority's management team, the financing team has been able to achieve over \$973.8 million in savings from future cash flow debt service requirements for the systems.

Revenue Refunding Bonds Savings (\$ millions)				
Issue	Refunding Bond Amount	Future Cash Flow Savings	Release (used to obtain savings) Savings	Net PV Savings
Water System				
Series 2016	\$ 666.0	\$ 185.4	\$ 25.2	\$ 120.8
Series 2018	155.6	30.9	1.6	24.9
Series 2020	377.5	103.1	10.5	66.5
Series 2023	67.2	11.2	-	7.9
Series 2024	384.1	67.5	16.1	39.3
Series 2025	309.3	33.7	-	27.1
Total Water	\$ 1,959.7	\$ 431.8	\$ 53.4	\$ 286.4
Sewage Disposal System				
Series 2016	\$ 421.3	\$ 123.7	\$ 23.8	\$ 71.2
Series 2018	175.9	54.0	11.2	34.5
Series 2020	687.5	221.0	33.6	122.9
Series 2022	12.5	2.0	1.6	0.2
Series 2023	200.2	34.8	0.2	20.9
Series 2024	387.6	62.9	16.1	37.3
Series 2025	387.6	43.6	-	34.4
Total Sewer	\$ 2,272.5	\$ 542.0	\$ 86.5	\$ 321.3
Combined				
Series 2016	\$ 1,087.3	\$ 309.1	\$ 49.0	\$ 191.9
Series 2018	331.5	84.9	12.8	59.4
Series 2020	1,065.0	324.1	44.1	189.4
Series 2022	12.5	2.0	1.6	0.2
Series 2023	267.4	45.9	0.2	28.8
Series 2024	771.7	130.4	32.2	76.6
Series 2025	696.8	77.3	-	61.5
Total Combined	\$ 4,232.1	\$ 973.8	\$ 139.9	\$ 607.7

The next available refunding opportunity is for bonds with a call date of July 1, 2026, for both the water fund and sewage disposal fund. Approximately \$628.0 million in water bonds and \$232.0 million in sewer bonds will be callable at that time. GLWA continues to work with its registered municipal advisor on these bonds.

GLWA does not have any defeased debt as of September 30, 2025.