

Great Lakes Water Authority

Resolution 2023-234

**RE: Approval of the Highland Park Bad Debt Recovery Credits Methodology and
Approval of Schedule of Member Partner Bad Debt Recovery Credits #2023-1
totaling \$1 Million**

By Board Member: Brian Baker

- Whereas** The City of Highland Park and the Great Lakes Water Authority (“GLWA”) entered into an “Interim Agreement” in June 2023; and
- Whereas** A provision of the Interim Agreement states: “Highland Park agrees to pay and deliver to GLWA \$1,000,000 by June 9, 2023, subject to city council approval at the Highland Park city council meeting on June 5, 2023. This amount will be applied to the Judgment in the 2014 Case or to a settlement if one is reached by October 1, 2023.”; and
- Whereas** An additional provision of the Interim Agreement states: “the Parties understand the State intends to file a position statement with the Court in the 2014 Case stating its support for the stay of proceedings and explaining why the State is involved and intends to participate in the efforts to resolve this matter and reach a resolution. The Parties will work in good faith toward a comprehensive solution to all issues.”; and
- Whereas** The City of Highland Park made the \$1,000,000 payment on June 9, 2023 as agreed; and
- Whereas** This payment is in relation to aged balances for which Member Partner communities funded via a bad debt expense line item in the service charges calculation, it is appropriate to credit individual Member Partner accounts in a consistent manner; and
- Whereas** The comprehensive solution of all issues may result in additional payments and it is desirable to have a clear and consistent methodology for calculating credits to Member Partner accounts; and
- Whereas** GLWA’s charges and financial consultant from The Foster Group prepared a Highland Park Bad Debt Analysis dated June 20, 2023 of amounts that had been directly included in Water and Sewer Charges to GLWA’s first-tier Member Partners related to Highland Park bad debt; and

Whereas The Highland Park Bad Debt Analysis determined that the overall allocation is 87.4% Sewer System and 12.6% Water System, based on a proportional share of what was included in previous years' charges for services to first-tier Member Partners; and

Whereas The Highland Park Bad Debt Analysis identified a proportional share for each first-tier Member Partner is shown on Attachment 1 - Highland Park Bad Debt Recovery Shares.

NOW THEREFORE BE IT:

RESOLVED The Bad Debt Recovery Credits Methodology is established whereby payments related to recovery of Highland Park Bad debt expense funded by Member Partners is allocated 87.4% Sewer System and 12.6% Water System; and

RESOLVED Within the allocation to sewer or water system, each Member Partner's share has been identified and reported on Attachment 1 - Highland Park Bad Debt Analysis shares for use in calculating any credits; and

RESOLVED Utilizing the allocation percentage and shares, authorize GLWA administration to apply credits totaling \$1 million in the first quarter of FY 2024 as outlined in the above methodology and as specifically identified in the related Schedule of Member Partner Bad Debt Recovery Credits #2023-1 for the \$1,000,000 payment made by Highland Park on June 9, 2023; and

RESOLVED That the Chief Executive Officer is authorized to take such other action as may be necessary to accomplish the intent of this vote.