



Great Lakes Water Authority

Summary of 2024 Financing Results

\$384,105,000 Water Supply System Revenue Refunding Bonds, Series 2024

\$348,175,000 Water Supply System Revenue Refunding Senior Lien Bonds, Series 2024A

\$35,930,000 Water Supply System Revenue Refunding Second Lien Bonds, Series 2024B

\$387,565,000 Sewage Disposal System Revenue Refunding Bonds, Series 2024

\$347,305,000 Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2024A

\$40,260,000 Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2024B

Presented to the Board May 22, 2024 and the Audit Committee on June 17, 2024

Recent bond transactions for the Water System and Sewer System achieved favorable outcomes for GLWA

- Successful refinancing of \$434.2 million of Water System bonds and \$436.5 million of Sewer System bonds
 - Water System future cashflow savings of \$67.5 million (\$39.3 million net present value, or 9.1%)
 - Sewer System future cashflow savings of \$62.9 million (\$37.3 million net present value, or 8.5%)
- Affirmation of strong GLWA credit ratings, including maintenance of the positive outlook from Fitch on the Sewer System
- Achieved reduction of Reserve Requirement to \$0, representing culmination of long-term strategy to modernize Master Bond Ordinances and create a more efficient structure
 - Required rating agency confirmation was received
 - Funds in the existing reserve accounts were used to reduce the size of the Series 2024 transaction by \$32.2 million (across the two systems) and improve cashflow savings
- Extensive outreach to investors was effective and included an electronic investor roadshow and one-on-one investor calls between the Authority and major institutional investors
 - 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
 - Strong GLWA name received orders from over 50 unique institutional investors, leading to GLWA's lowest ever credit spreads to municipal benchmark rates
 - SWS supported the transaction by underwriting \$132 million of bonds to maintain the integrity of the order book
- Series 2024 bond structures strategically aligned refunding cashflow savings to achieve overall debt structuring goals and lessen burden on the budget for upcoming years

Goals Set... Goals Met

The goals for the Series 2024 financings were achieved and provide the Authority with a strong base with which to weather the challenges of a growing capital plan while still achieving future financial goals.



Achieve Substantial Debt Service Savings



Maintain Strong Credit Rating Trend



Eliminate Reserve Fund Requirement for Current and Future Bonds



Highlight Continued Strong Financial Results and Expand the Investor Base for GLWA Credits

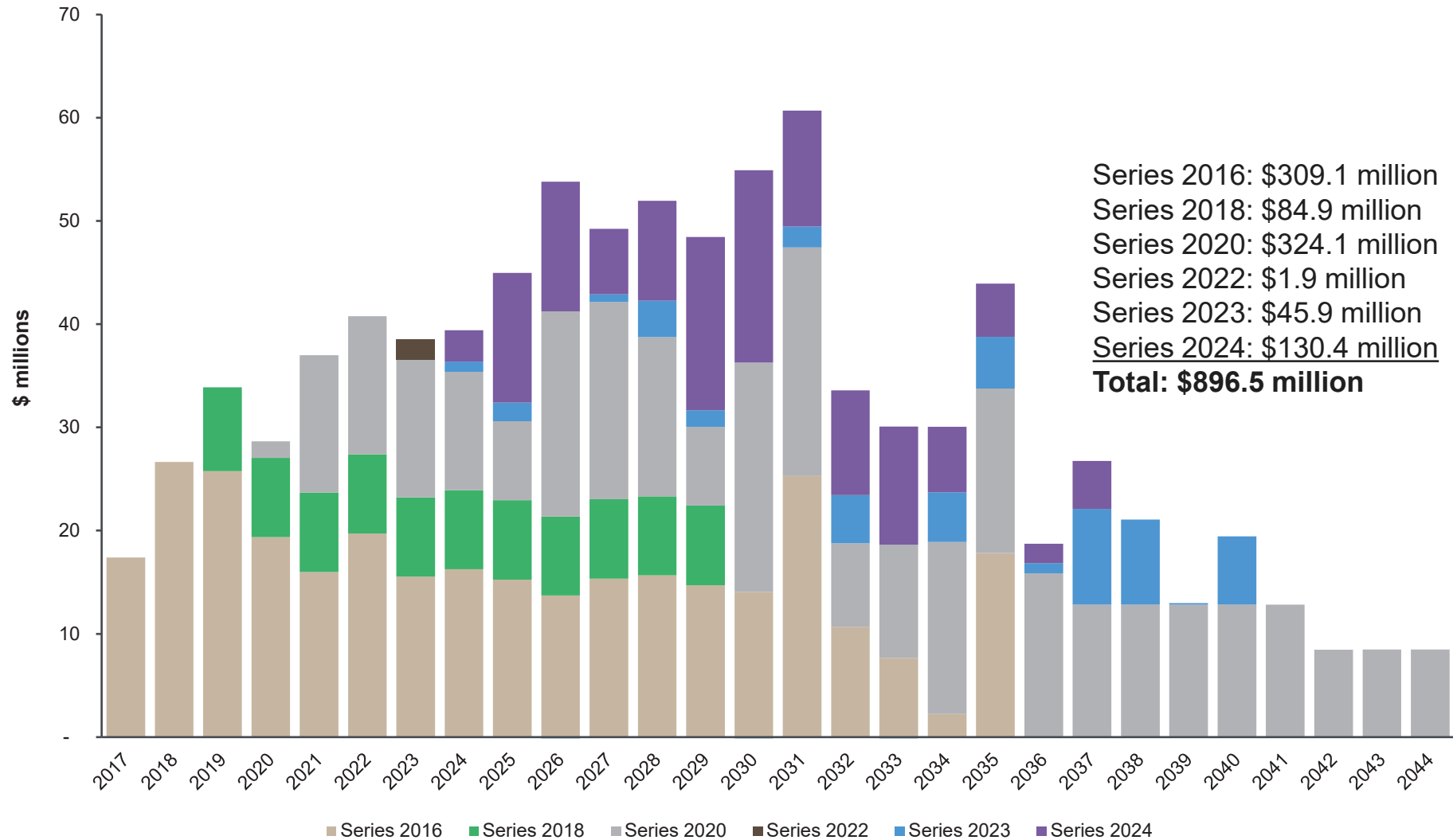


Enhance GLWA's Financial Flexibility

History of Debt Service Savings Since GLWA Standup



Through the leadership of the Authority's management, the financing team has been able to achieve nearly \$900 million in future cash flow debt service savings since the stand-up of GLWA



Reduction of Reserve Fund Requirement

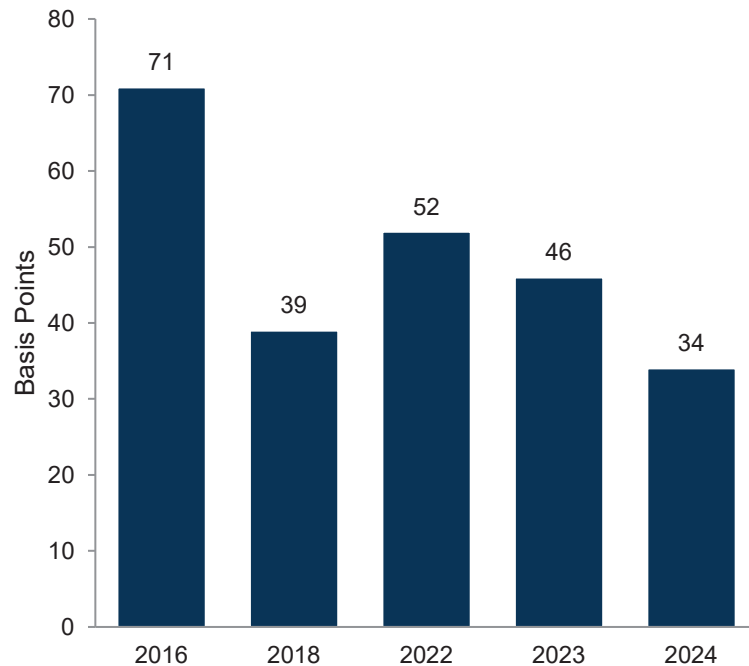
- Reserve Fund Amendment allows GLWA the option (but not requirement) to reduce or eliminate the Reserve Requirement once conditions precedent have been met:
 - Attain ratings of at least AA- or Aa3 on the Senior Lien from at least two of Moody's, S&P, and Fitch **and**
 - **Confirmation that ratings will not be reduced solely because of the change in the Reserve Requirement**
- Ratings confirmation achieved in concert with Series 2024, allowing GLWA to reduce Reserve Requirement to \$0 for each of Water Senior, Water Second, Sewer Senior, and Sewer Second liens
 - Represents culmination of long-term strategy to create a more efficient structure
 - Originally envisioned as far back as 2016
- Potential for negative rating agency and investor reception managed by communicating plans to modestly increase liquidity targets for Water System and Sewer System to 600 days by 2034
- \$16.1 million from the Water System reserve accounts and \$16.1 million from the Sewer System reserve accounts used to reduce the size of the borrowing and enhance the Series 2024 future cashflow savings
- Elimination of the Reserve Requirement is designed to achieve substantial financial and risk reduction benefits for GLWA over the long term:
 - Supports better management of overall liquidity by eliminating restrictions on fund balances
 - Reduces outstanding debt by dedicating released funds to downsize Series 2024 borrowing
 - Eliminates costly negative arbitrage associated with Debt Service Reserve Fund (DSRF) investments, which has created a significant drag on over the past decade
 - Improves debt service coverage levels by eliminating borrowing for the purpose of funding a DSRF requirement (or cost of surety premiums)
 - Addresses need to replace surety policies that will terminate with Series 2024 refunding and uncertainties over future expiring surety policies that would have to be replaced with cash or another surety policy (if available)

GLWA Credit Spreads Have Declined Since Standup

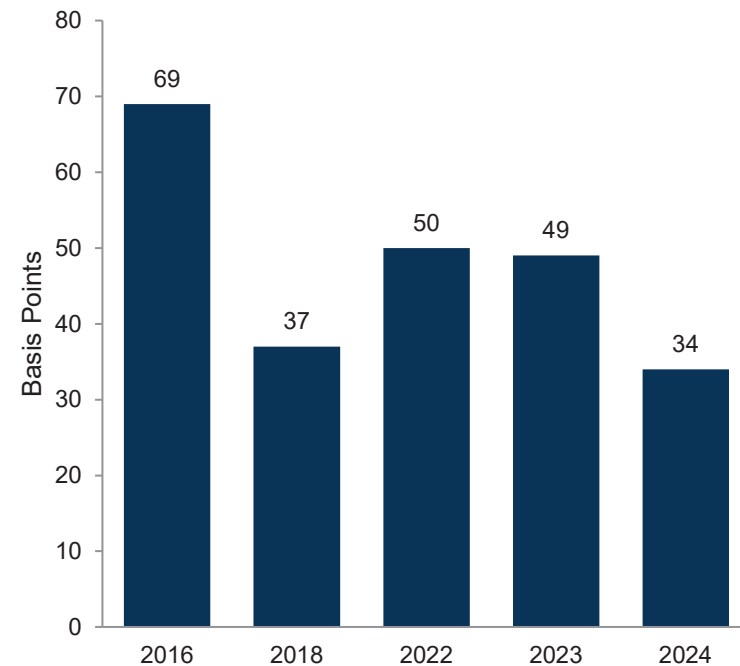


- GLWA's tax-exempt borrowing costs are a function of municipal benchmark rates that are common to the market plus credit spreads that are specific to GLWA
- As GLWA's credit profile has strengthened, GLWA's credit spreads have declined
 - Declines in GLWA credit spreads translate directly to reduced debt service costs and increased availability of refinancing savings, resulting in tangible benefits for member partners that comes from GLWA's stronger credit profile
- The following charts show GLWA credit spreads in the 9 and 10-year part of the yield curve since GLWA's inaugural financing in 2016 (there were no 10-year sewer bonds in 2024)
 - Credit spreads are also impacted by market conditions at the time of the sale; GLWA's credit spreads in 2018 reflected very favorable market conditions and overall low rates

**Water System Credit Spreads Over Time
10 Year Maturities**

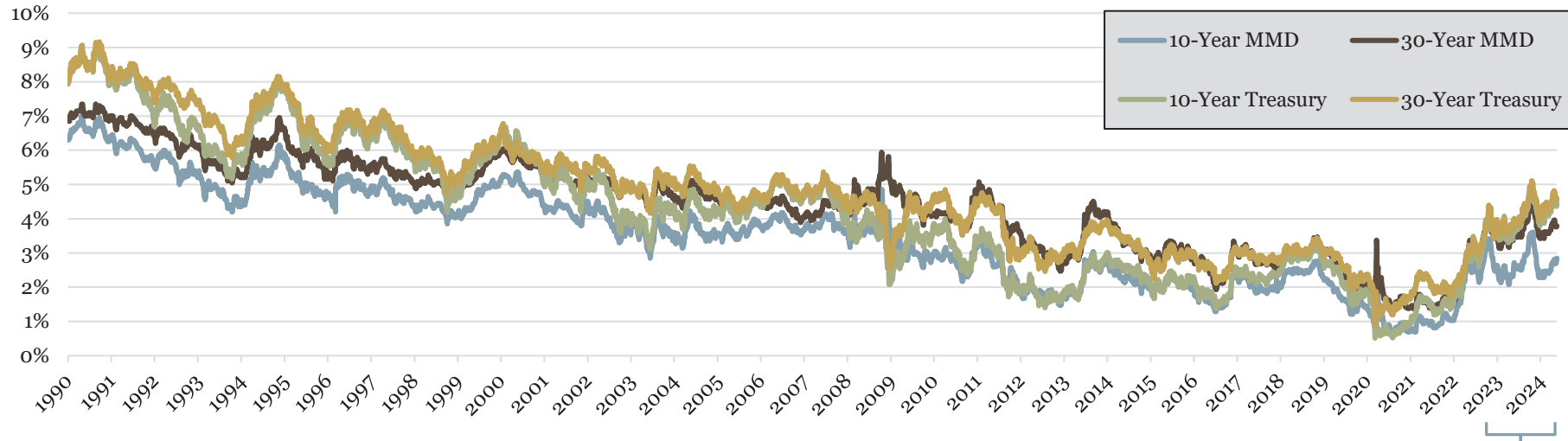


**Sewer System Credit Spreads Over Time
9 Year Maturities**

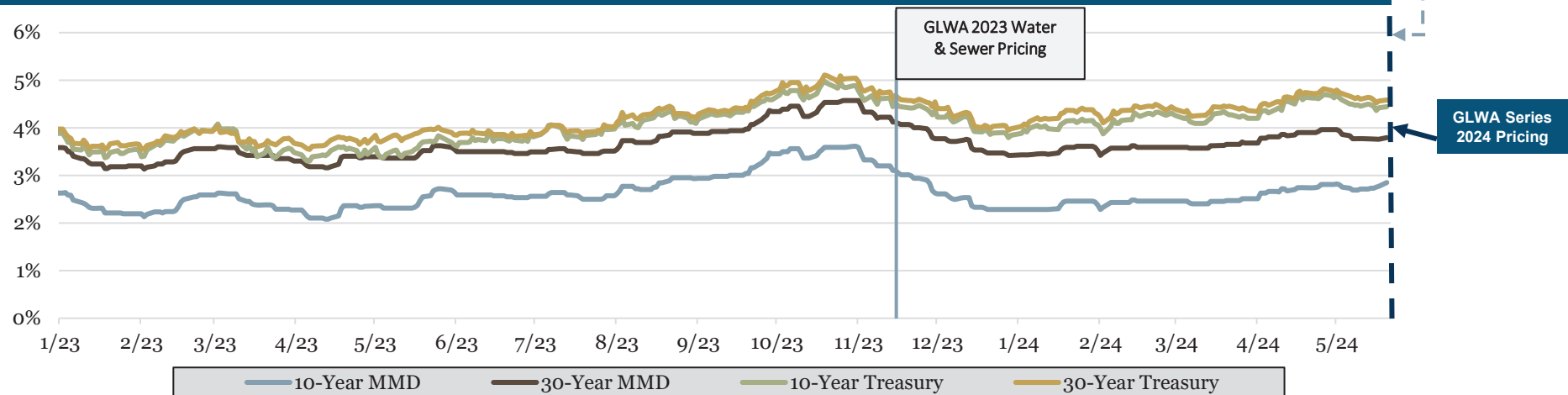


10-Year and 30-Year MMD and Treasury Yields

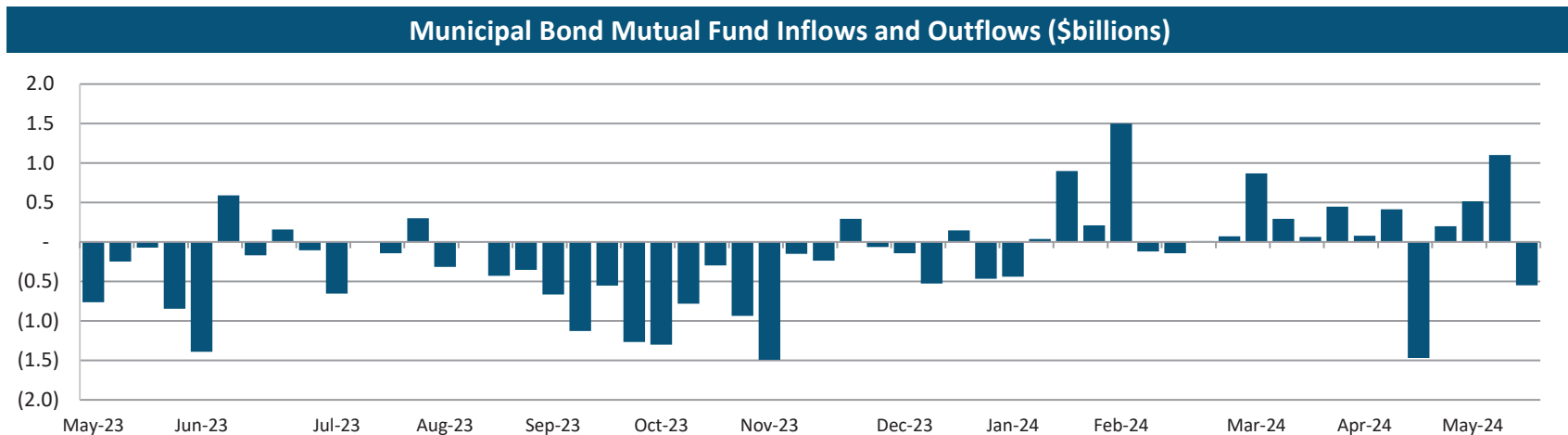
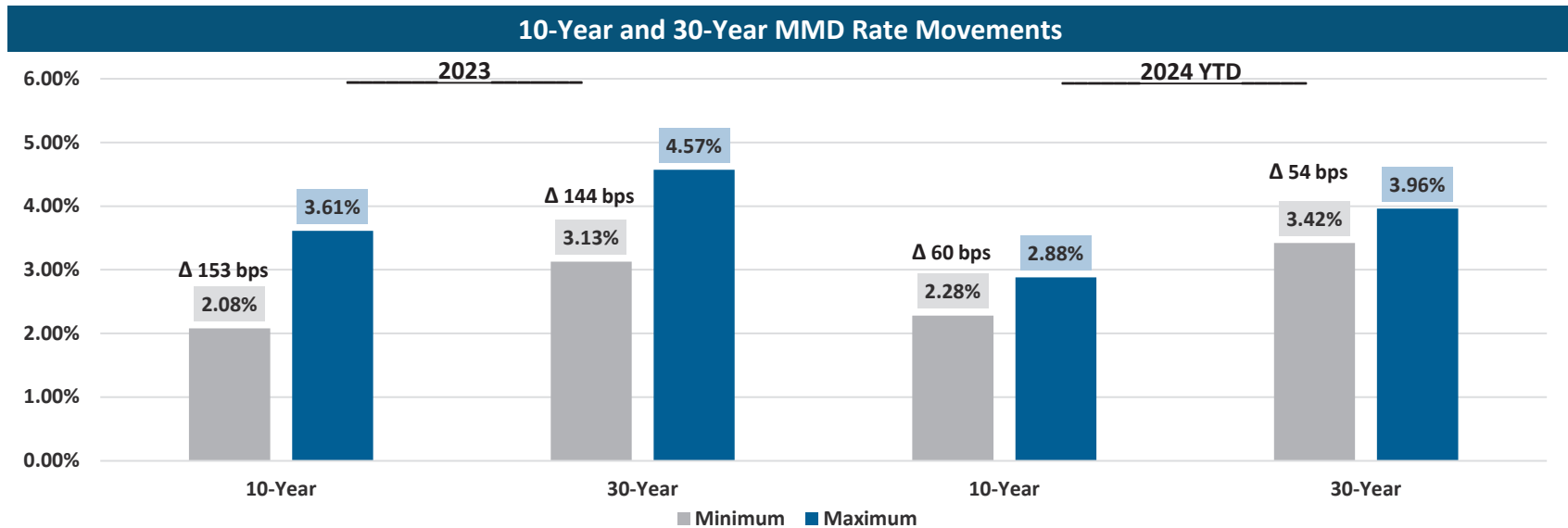
Long Term Interest Rate Landscape Over 30 Years: 10-Year and 30-Year MMD and United States Treasury (UST) Rates



10-Year and 30-Year MMD and UST Rates from 1/1/2023 to Present



Changing Market Fundamentals and Volatility

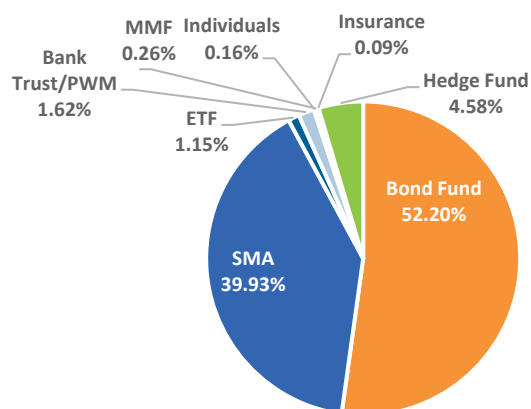


Comprehensive Marketing Outreach

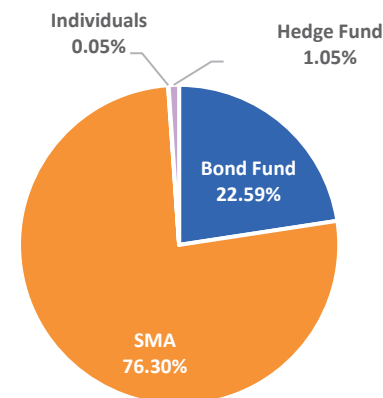
Order Book & Marketing Process:

- An extensive premarketing effort led by Siebert Williams Shank & Co., LLC in the days leading up to the sale generated demand from a wide variety of institutional accounts
 - Marketing outreach efforts included 3 one-on-one investor calls, 41 unique investor views of the POS, and 37 unique investor views of the investor roadshow
 - Of the roadshow viewers, 8 unique investors followed through with orders on either the water or sewer credits
 - 1 of 3 investors requesting one-on-one calls with GLWA management followed through with orders
- **Institutional Orders:**
 - **The Water System** transaction received \$474.115 million in priority orders
 - 34 unique investors participated, including 12 institutional investors that did not participate in GLWA’s 2023 water transaction
 - **The Sewer System** transaction received \$436.300 million in priority orders
 - 21 unique investors participated, including 5 institutional investors that did not participate in GLWA’s 2023 sewer transaction
- **Subscriptions:**
 - Orders were received from a mix of investors including insurance companies, bond funds, separately managed accounts (“SMA”), and bank portfolios
 - **Water System:** Subscription levels (excluding stock) ranged from 0.0x to a high of 3.7x
 - **Sewer System:** Subscription levels (excluding stock) ranged from 0.0x to a high of 3.0x

**Water System
Orders Breakdown by Investor Type**



**Sewer System
Orders Breakdown by Investor Type**



Acronyms

ETF = Exchange Traded Fund
POS = Preliminary Official Statement

PWM = Private Wealth Management
SMA = Separately Managed Account

MMF = Money Market Fund

Water System - Transaction Overview



- GLWA issued \$384.1 million in Water System Bonds to refund \$434.2 million of outstanding obligations for debt service savings
- Savings were structured to create level savings through the term of the refunded debt, to the extent possible
- The combined Water System transaction generated \$39.3 million in present value savings (9.1% of refunded par)
- As a result of recent rating upgrades, GLWA was able to release \$16.1 million from the Water System Reserve Accounts and use it to reduce debt within this transaction

Water System Sources and Uses

	Senior Lien	Second Lien	Aggregate
Sources	Series 2024A	Series 2024B	Series 2024 Bonds
Par Amount	348,175,000	35,930,000	384,105,000
Premium	31,484,694	4,410,240	35,894,935
GLWA Reserve Account	12,569,327	3,539,451	16,108,779
GLWA Debt Service Account	8,406,059	940,549	9,346,608
Total	400,635,081	44,820,240	445,455,321
Uses	Series 2024A	Series 2024B	Series 2024 Bonds
Escrow Deposit	398,680,605	44,608,120	443,288,725
Underwriter's Discount	1,001,743	103,665	1,105,408
Costs of Issuance	952,733	108,455	1,061,188
Total	400,635,081	44,820,240	445,455,321
Total Refunded Bonds	390,475,000	43,690,000	434,165,000
Total Future Cashflow Savings	57,287,875	10,193,444	67,481,319
Total Present Value Savings (\$)	34,323,156	4,970,160	39,293,317
Total Present Value Savings (%)	8.8%	11.4%	9.1%

Water System Cashflow Savings			
Fiscal Year	Senior Lien Savings	Second Lien Savings	Total Savings
2024	1,355,816	151,701	1,507,517
2025	4,641,059	1,233,243	5,874,302
2026	4,643,250	1,234,500	5,877,750
2027	4,642,500	1,229,750	5,872,250
2028	4,645,000	693,000	5,338,000
2029	4,640,250	725,750	5,366,000
2030	4,643,250	605,750	5,249,000
2031	4,643,250	600,500	5,243,750
2032	4,645,000	599,500	5,244,500
2033	4,643,000	592,500	5,235,500
2034	4,642,000	1,234,750	5,876,750
2035	4,641,500	58,750	4,700,250
2036	221,000	1,233,750	1,454,750
2037	4,641,000	-	4,641,000
Totals	57,287,875	10,193,444	67,481,319

Sewer System - Transaction Overview

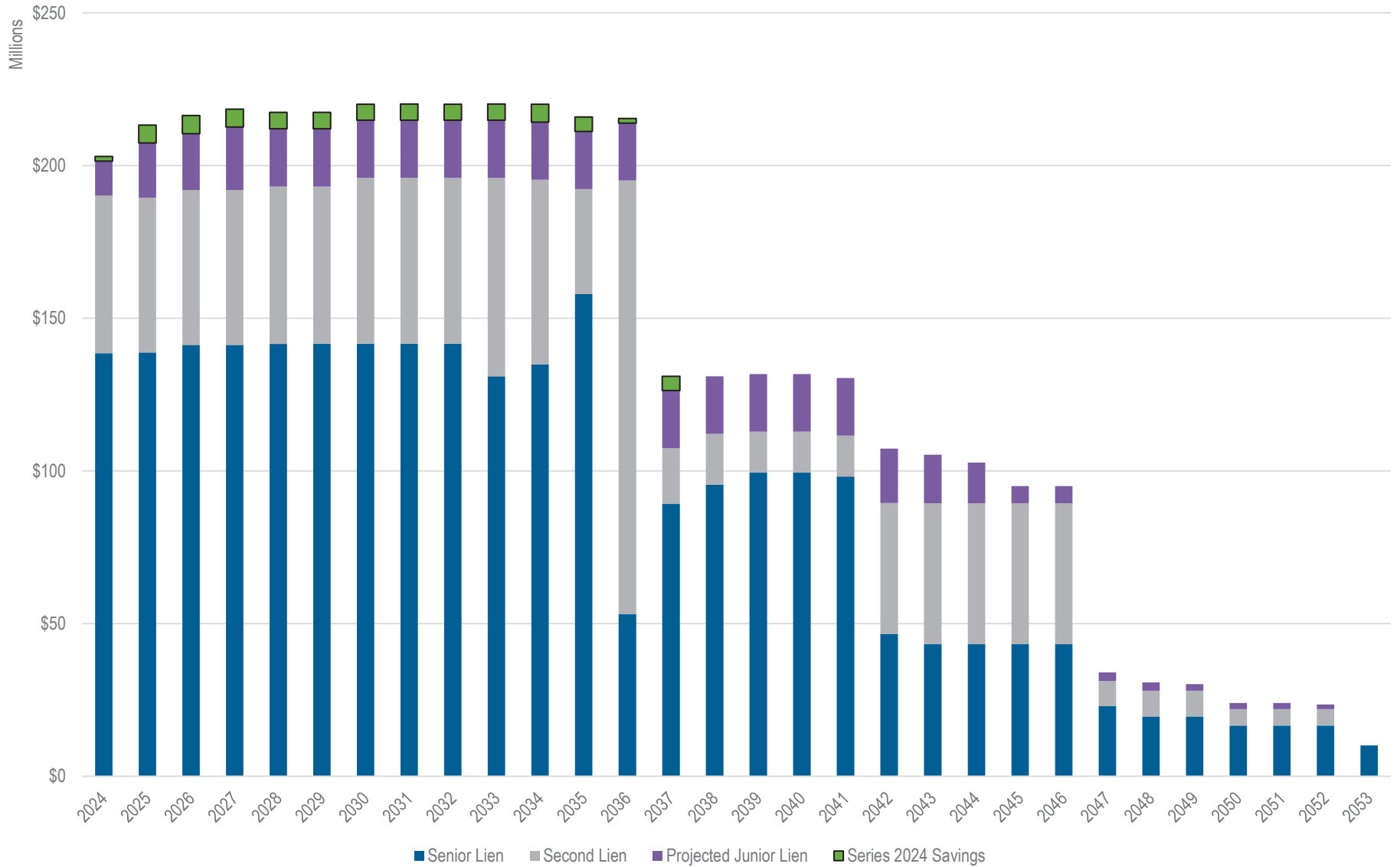
- GLWA issued \$387.6 million in Sewer System Bonds to refund \$436.5 million of outstanding obligations for debt service savings
- Savings were structured to maintain savings from FY2024 - FY2026, while savings thereafter were structured to improve future budget flexibility with respect to the existing debt portfolio
- The combined Sewer System transaction generated \$37.3 million in present value savings (8.5% of refunded par)
- As a result of recent rating upgrades, GLWA was able to release \$16.1 million from the Sewer System Reserve Accounts and use it to reduce debt within this transaction

Sewer System Sources and Uses

	Senior Lien	Second Lien	Aggregate
Sources	Series 2024A	Series 2024B	Series 2024 Bonds
Par Amount	347,305,000	40,260,000	387,565,000
Premium	31,596,323	3,217,125	34,813,448
GLWA Reserve Account	15,316,431	795,949	16,112,380
GLWA Debt Service Account	8,449,007	948,622	9,397,628
Total	402,666,761	45,221,695	447,888,456
Uses	Series 2024A	Series 2024B	Series 2024 Bonds
Escrow Deposit	400,717,528	44,991,001	445,708,529
Underwriter's Discount	998,821	115,674	1,114,495
Costs of Issuance	950,411	115,021	1,065,432
Total	402,666,761	45,221,695	447,888,456
Total Refunded Bonds	392,470,000	44,065,000	436,535,000
Total Future Cashflow Savings	57,859,073	5,055,962	62,915,035
Total Present Value Savings (\$)	33,915,511	3,398,468	37,313,979
Total Present Value Savings (%)	8.6%	7.7%	8.5%

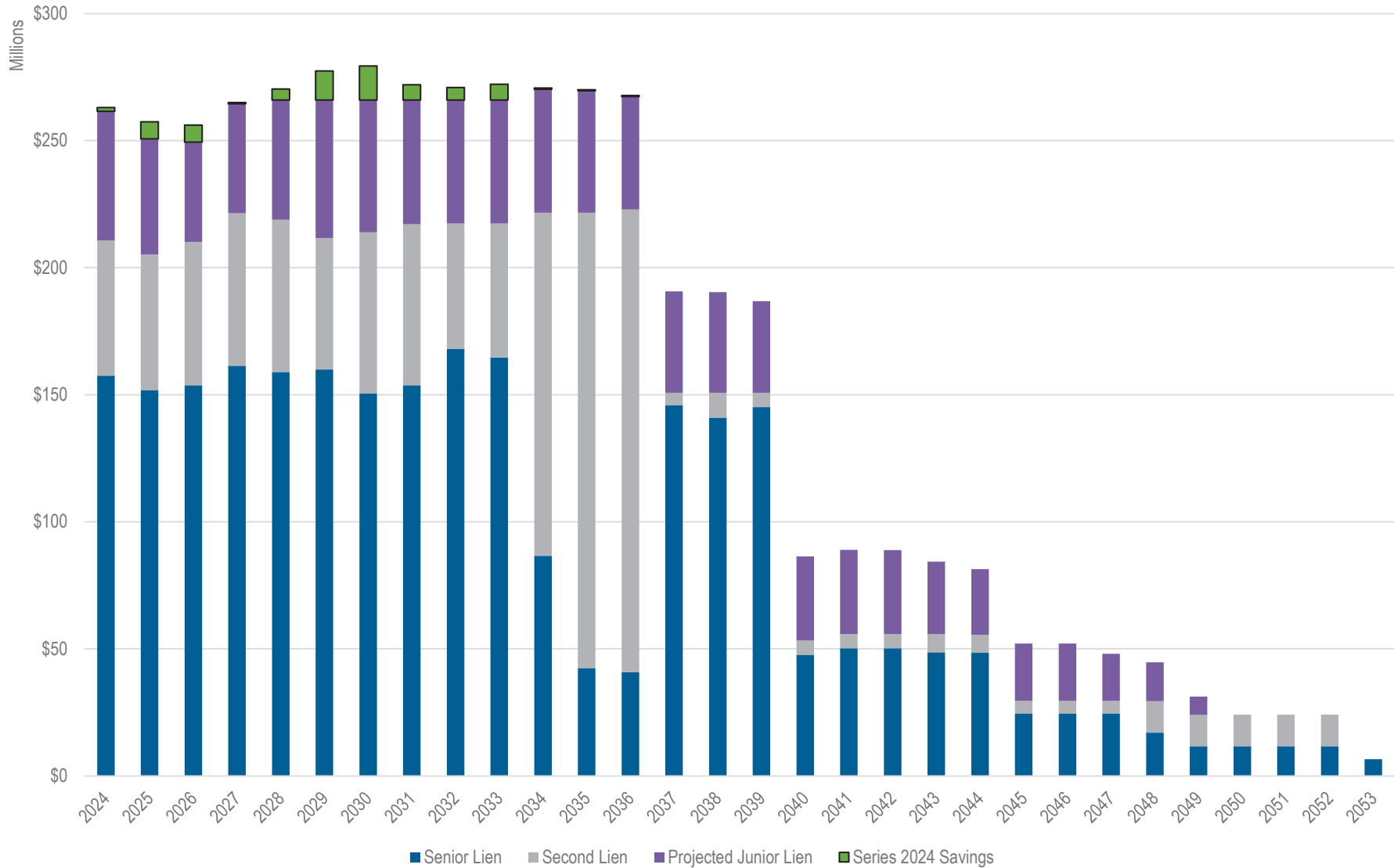
Sewer System Cashflow Savings			
Fiscal Year	Senior Lien Savings	Second Lien Savings	Total Savings
2024	1,362,743	153,003	1,515,747
2025	6,227,330	465,458	6,692,788
2026	6,229,500	459,500	6,689,000
2027	3,000	460,000	463,000
2028	3,877,250	459,750	4,337,000
2029	10,952,250	458,750	11,411,000
2030	12,993,500	382,000	13,375,500
2031	5,609,750	373,250	5,983,000
2032	4,456,000	459,250	4,915,250
2033	6,147,750	60,250	6,208,000
2034	-	460,250	460,250
2035	-	460,250	460,250
2036	-	404,250	404,250
Totals	57,859,073	5,055,962	62,915,035

Water System – Aggregate Debt Portfolio



Note: Projected Junior Lien provided by the Foster Group; Includes the draw projections on current loans, but does not include additional loans

Sewer System – Aggregate Debt Portfolio



Note: Projected Junior Lien provided by the Foster Group; Includes the draw projections on current loans, but does not include additional loans

Transaction Participants

Transaction Role	Firm
Issuer	<ul style="list-style-type: none">▪ Great Lakes Water Authority
Financial Advisor	<ul style="list-style-type: none">▪ PFM Financial Advisors LLC
Bond Counsel	<ul style="list-style-type: none">▪ Dickinson Wright, PLLC
Feasibility Consultant	<ul style="list-style-type: none">▪ The Foster Group
Trustee	<ul style="list-style-type: none">▪ U.S. Bank, N.A.
Senior Bookrunning Manager	<ul style="list-style-type: none">▪ Siebert Williams Shank & Co., LLC
Co-Senior Manager	<ul style="list-style-type: none">▪ Goldman Sachs & Co. LLC
Co-Managing Underwriters	<ul style="list-style-type: none">▪ JP Morgan Securities LLC▪ Loop Capital Markets LLC▪ Morgan Stanley & Co. LLC▪ Ramirez & Co., Inc.▪ Wells Fargo Securities
Underwriter's Counsel	<ul style="list-style-type: none">▪ Kutak Rock, LLP
Auditor	<ul style="list-style-type: none">▪ Baker Tilly Virchow Krause, LLP