



Financial Services Audit Committee Communication

Date: February 26, 2024

To: Great Lakes Water Authority Audit Committee

From: Nicolette Bateson, CPA, Chief Financial Officer & Treasurer

Re: Proposed Appointment of 2024 Bond Transaction Syndicate and Advisors and Related Fees

Background & Analysis: The Great Lakes Water Authority (GLWA) has approximately \$390 million of senior lien and \$45 million of second lien bonds for the water system and \$395 million of senior lien and \$45 million of second lien bonds for the sewage disposal system that are callable on July 1, 2024 and can potentially be refinanced for debt service savings. GLWA has been advised by its financial advisor that current market conditions may warrant pursuing a refunding transaction this spring rather than the previously anticipated summer / fall 2024 timeline. Given intense GLWA staff demands, including a new financial system launch go live on July 1, 2024, the most efficient path forward to assemble an underwriting and advisors is to reappoint the team associated with the successful fall 2023 tender and refunding transaction. While the impact on the FY 2025 budget would be based on the structure and timing of the transaction, the outcome of this transaction could alleviate budget and charge pressures beyond FY 2025 as outlined in the ten-year forecast.

A draft board letter is attached.

Proposed Action: The Audit Committee recommends that the Board of Directors:

- 1) Appoints the Series 2024 Underwriting Syndicate Structure with the following roles, fee splits, and firms:
 - Bookrunning Senior Manager (55%) – Siebert Williams Shank & Co. LLC
 - Co-Senior Manager (30%) – Goldman Sachs & Co. LLC
 - Co-Managers (15%) – J.P. Morgan, Loop Capital Markets, Morgan Stanley, Ramirez & Co., Inc., and Wells Fargo Securities
- 2) Authorizes the fee for the underwriting syndicate at \$2.50/bond plus actual expenses
- 3) Authorizes the work of The Foster Group to proceed within the current contract that ends June 30, 2024 recognizing that a contract extension to complete the transaction may be required which would be brought to the Board of Directors in March 2024;
- 4) Authorize a bond financing cost allowance up to \$110,000 to reimburse the Detroit Water & Sewerage Department for a feasibility consultant related to DWSD financial

performance, accounts receivable activity, and related bond disclosure forecast matters and

- 5) Authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.