



Detroit Water and Sewerage Department

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Legislation Text

File #: 16-0138, **Version:** 1

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department **recommends adoption of the “Resolution Relating To Issuance By The Great Lakes Water Authority Of Water Supply System Revenue Bonds For The Benefit Of The Detroit Local Water Supply System,”** and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of September 21, 2016

Item No. 16-0138

Adoption of Reimbursement Resolution

TO: The Honorable
Board of Water Commissioners City of Detroit,
Michigan

FROM: Marcus Hudson, Chief Financial Officer
Water and Sewerage Department

RE: Adoption of Reimbursement Resolution

MOTION

Upon recommendation of Marcus Hudson, Chief Financial Officer, the Finance Committee of the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department **recommends adoption of the “Resolution Relating To Issuance By The Great Lakes Water Authority Of Water Supply System Revenue Bonds For The Benefit Of The Detroit Local Water Supply System,”** and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

JUSTIFICATION

In conjunction with spending on capital projects, DWSD is allowed to reimburse itself certain expenses incurred 60 days prior to the adoption of a reimbursement resolution. DWSD is currently executing its Capital Improvement Plan and incurring significant expenditures to its Improvement and Extension Fund. Substantial uncertainty exists surrounding DWSD’s cash position given uncertainty surrounding prospective cash transfers from the Great Lakes Water Authority as it relates to the DWSD / GLWA bifurcation. Given current depletion of DWSD’s Improvement and Extension Funds as well as the uncertainty of cash transfer from GLWA, DWSD’s stated strategy is to fully leverage its ability to borrow via GLWA. Anticipated borrowings currently approximate \$90 million - enough to fund water capital expenditures over the next two years.

BACKGROUND

During fiscal year 2016, the Great Lakes Water Authority issued a Notice of Intent to issue bonds in the amount of \$300 million. Since the initial issuance, DWSD has negotiated with the Great Lakes Water Authority to use approximately \$73 million of the prospective issue between DWRF loans and market bonds. Further, GLWA anticipates issuing another Notice of Intent on behalf of DWSD in the amount of \$17 million prior to the end of Fiscal Year 2017 to bring total DWSD Fiscal Year 2017 borrowings to \$90 million. DWSD will use these borrowings to fund anticipated water capital expenditures in Fiscal Year 2017 and 2018.