Audit Committee

Wednesday, October 26, 2016 at 12:30 p.m.

5th Floor Board Room, Water Board Building
735 Randolph Street, Detroit, Michigan 48226
GLWater.org

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
   A. September 9, 2016 (Page 1)
5. PUBLIC PARTICIPATION

6. OLD BUSINESS
   A. Recap of 2016 Water and Sewer Bond Refunding and New Water Bond Issue (Page 4)

7. NEW BUSINESS
   A. None

8. REPORTS
   A. Monthly Revenue and Collections Report for September 2016 (Page 24)
   B. Master Bond Ordinance and Lease Agreement Transfers to DWSD (Page 50)

9. LOOK AHEAD
   Next Audit Committee Meeting
   November 4, 2016 at 8 am Regular Meeting

10. INFORMATION
    A. None

11. OTHER MATTERS

12. ADJOURNMENT

Audit Committee

Friday, September 9, 2016 at 8:00 a.m.

5th Floor Board Room, Water Board Building
735 Randolph Street, Detroit, Michigan 48226
GLWater.org

MINUTES

1. CALL TO ORDER

Chairman Baker called the meeting to order at 8:04 a.m.

2. ROLL CALL

Chairman Brian Baker, and Director Robert Daddow

Absent: Director Joseph Nardone

3. APPROVAL OF AGENDA

The Agenda was amended to remove Item 2016-07-08 (Closed Session Request).

Chairman Baker requested a Motion to approve the Amended Agenda.

MOTION BY:	ROBERT DADDOW
SUPPORT:	BRIAN BAKER
ACTION:	APPROVED AS AMENDED

4. APPROVAL OF MINUTES

Chairman Baker requested approval of the Minutes of August 5, 2016.

MOTION BY:	ROBERT DADDOW
SUPPORT:	BRIAN BAKER
ACTION:	APPROVED

5. PUBLIC PARTICIPATION

None

6. OLD BUSINESS

A. Proposed Parameters for the Water & Sewer Refunding Transaction Structure Resolution, presented by Jonathan Wheatley, Public Finance Manager, and Dan Hartman, PFM, via telephone conference
Action: Audit Committee recommends that the Great Lakes Water Authority Board approve the resolution related to potential refunding savings amended structure parameters for the inaugural 2016 water and sewer system bond refunding as presented.

Resolution was amended to change the wording "upfront or optimized basis" to "on a basis other than level annual savings."

MOTION BY:	ROBERT DADDOW
SUPPORT:	BRIAN BAKER
ACTION:	APPROVED AS AMENDED

B. Proposed Revenue Requirement Policy
Action: Audit Committee considers the Revenue Requirement policy.

Chairman Baker requested a Roll Call Vote.

MOTION BY:		ROBERT DADDOW
SUPPORT:		BRIAN BAKER
ROLL CALL VOTE:	No:	Baker
	Yes:	Daddow
ACTION:		FAILED 1/1

Item will move forward to the Board with a Motion to approve and that it failed at Audit Committee on a one to one tie.

7. NEW BUSINESS

A. Verbal Update: FY 2016 Bond Transaction
Proposed Action: None.

B. Proposed Amendment to the Great Lakes Water Authority Investment Policy. Presented by: Deirdre Henry, Manager/Treasury
Action: Audit Committee recommends that the Great Lakes Water Authority Board approve the amended Investment Policy as presented.

MOTION BY:	ROBERT DADDOW
SUPPORT:	BRIAN BAKER
ACTION:	APPROVED

C. Proposed List of Qualified Financial Institutions

Presented by: Deirdre Henry, Manager/Treasury
Action: The Audit Committee recommends that the Great Lakes Water Authority Board approve the proposed List of Qualified Financial Institutions as presented.

MOTION BY: ROBERT DADDOW
SUPPORT: BRIAN BAKER
ACTION: APPROVED

8. **REPORTS** (Proposed action is to receive and file for each report)

A. Monthly Revenue & Collections Report for August 2016

B. Banking and Investment Update – Operating Funds
Presented by: Michael Berry, PFM Investment Advisor

MOTION BY: ROBERT DADDOW
SUPPORT: BRIAN BAKER
ACTION: APPROVED

C. Monthly Transfers Related to DWSD Pursuant to Lease and Master Bond Ordinance

D. CFO Update

9. **LOOK AHEAD**

The Next Audit Committee Meeting is October 7, 2016 at 8 a.m.

10. INFORMATION

A. None

11. OTHER MATTERS

None.

12. ADJOURNMENT

Chairman Baker requested a motion to adjourn.

MOTION BY: ROBERT DADDOW
SUPPORT: BRIAN BAKER
ACTION: APPROVED

There being no further business, the meeting was adjourned at 10:16 a.m.

GLWA
Great Lakes Water Authority

Financial Services Group
Audit Committee Communication

Date: October 26, 2016

To: Great Lakes Water Authority Audit Committee

From: Nicolette N. Bateson, CPA, Chief Financial Officer/Treasurer

Re: Recap of 2016 Water & Sewer Refunding Bonds and 2016 Water Revenue Bonds

Background: Recognizing the potential opportunity for refunding savings for the new regional authority which began operations on January 1, 2016, the Great Lakes Water Authority Audit Committee received a report from its financial advisor, PFM Financial Advisors LLC on January 15, 2016. At that time, PFM estimated that net present value savings of $154.5 million could be achieved. Over the course of the next several months, a financing team was assembled to work with the GLWA team on drafting a set of inaugural legal and financial documents. The scope of the transaction was to proceed with a bond refunding for savings and issuance of new money water bonds to fund the capital improvement program. Mid-October 2016 was identified as the earliest possible date for the refunding transaction. The actual outcome on October 13, 2016 exceeded the initial estimate with an actual net present value savings of $192 million.

Analysis: On Thursday, October 13, 2016, the Great Lakes Water Authority sold its inaugural bond issuances totaling $1.34 billion, issued in six series of bonds, including senior lien and second lien bonds. The series included $917.8 million of water supply system bonds, including $251.8 million of new money bonds, along with $421.3 million of sewer refunding bonds. Key highlights of this inaugural financing include the following.

- Total cash flow savings of $309.1 million, including $185.4 million for water and $123.7 million for sewer, including savings in every year over the remaining life of the bonds refunded.

- Present value savings of $191.9 million (15.3% of refunded par), well in excess of financial policy guidelines and board-approved thresholds.

- Rating improvements from all three rating agencies, including a three notch upgrade on both credits and liens from Fitch, a one notch upgrade on both credits and liens from

Moody's (in addition to upgrades obtained in February of 2016), and positive outlook revisions from Standard & Poor's.

- Substantial investor interest, with $2.1 billion in orders, including $1.6 billion for the water bonds and $531.3 million for the sewer bonds.

- Low overall "all-in" interest rates of 3.567% and 3.916% for the senior lien and second lien sewer bonds, respectively, and 3.621% and 4.027% for the senior and second lien water bonds.

- Total new money water bond issuance of $251,830,000, together with premiums generating net deposits to the Regional and Local (Detroit) Construction Funds of $226 million and $57 million, respectively.

- Substantial debt service reserve fund releases totaling $25.2 million for the water bonds and $23.8 million for the sewer bonds, enabling the Authority to reduce the principal amount of the refunded debt.

As you are aware, this inaugural financing required substantial effort from the Board, Committee, Management and its finance team in order to prepare, review and approve the legal documents, offering documents, rating and investor presentations. The efforts clearly benefited the Authority and its customers by improved ratings, enhanced investor relations, and attractive interest cost resulting in substantial savings and enhanced future financial flexibility for the Authority.

Attached are the following.

- ✓ "Summary of 2016 Financing Results" prepared by PFM, as well as Citi (Bookrunning Senior Manager) and Goldman Sachs (Co-Senior Manager).
- ✓ "Final Feasibility Report Summary for the Series 2016 Water and Sewer Bonds" from The Foster Group, feasibility advisor
- ✓ Media releases related to this transaction as well as the positive action by all three credit rating agencies.

The final official statements were posted online on Friday after final review and sign-off by the GLWA's bond counsel, Dickinson Wright, PLLC, and underwriters counsel, Kutack Rock.

Proposed Action: Receive and forward report to the Great Lakes Water Authority Board for recommended action to receive and file this report.

Great Lakes Water Authority

Summary of 2016 Financing Results

October 26, 2016

Goals Set . . . Goals Met

All the goals set for Great Lakes Water Authority's inaugural issuance were met.

- Develop New and Modernized Offering Documents and Legal Documents
  - New offering documents
  - Springing amendment for potential future Bond Reserve Fund release
- Secure Rating Upgrades
- Attract Broad Investor Interest in new GLWA credit
- Lock-in Favorable Interest Rates and Substantial Savings
- Enhance GLWA's future flexibility

Bond Rating Upgrades Attained

As part of the financing process, the Great Lakes Water Authority team sought and received rating improvements from all three rating agencies.

Fitch			
Senior Lien	BBB (stable)	3 notch improvement	A (stable)
Second Lien	BBB- (stable)	3 notch improvement	A- (stable)

2nd upgrade this year

Moody's			
Senior Lien	Baa1 (stable)	1 notch improvement	A3 (stable)
Second Lien	Baa2 (stable)	1 notch improvement	Baa1 (stable)

S&P			
Senior Lien	A- (stable)	Outlook improvement	A- (positive)
Second Lien	BBB+ (stable)	Outlook improvement	BBB+ (positive)

Comprehensive Marketing Outreach

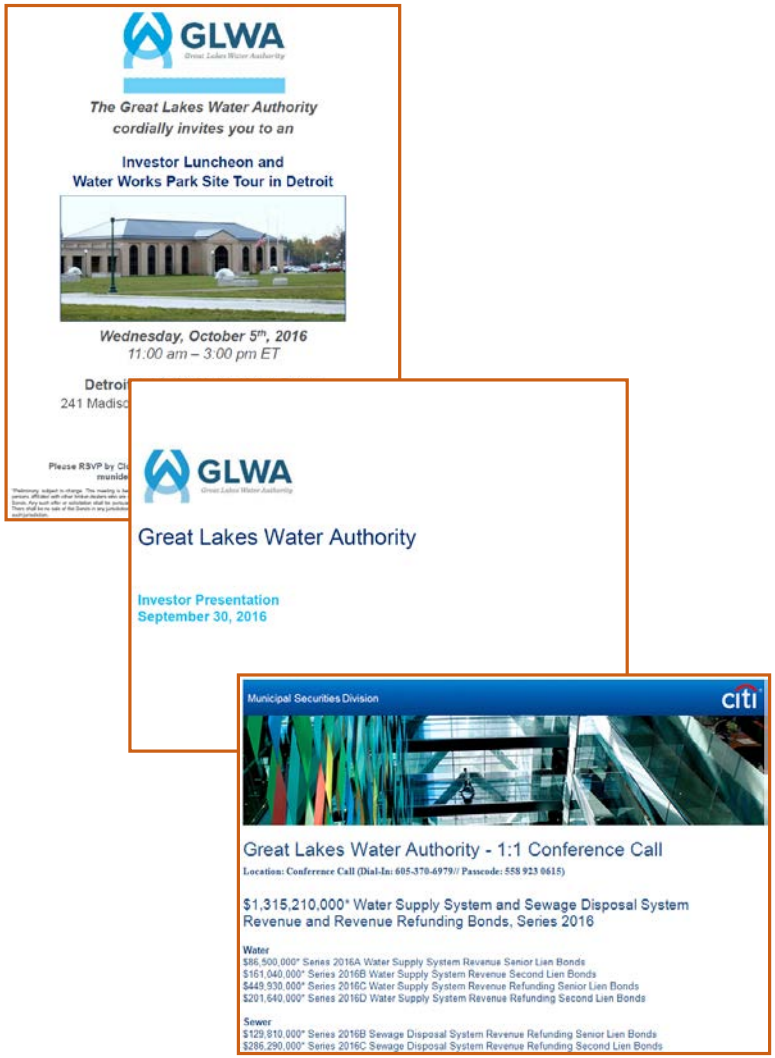
Citigroup and Goldman Sachs utilized a comprehensive marketing campaign including a investor luncheon and site tour in Detroit, an internet roadshow presentation, and one-on-one investor calls to educate investors and explain the transaction.

Marketing Outreach

1. Internet Roadshow (October 3rd – October 12th)
   - 46 institutional investors viewed the electronic roadshow
2. Live Investor Presentation and Site Tour in Detroit, MI (October 5th)
   - Presentations from GLWA Management
   - 12 investors attended
   - Site Visit to Waterworks Park in Detroit, MI
3. One-on-One Calls with Key Institutional Accounts (October 5th – October 12th)
   - 8 individual one-on-one calls with analysts from various investors

Results

- Over $2.1 billion of orders were received for the Series 2016 bonds, including $1.6 billion of Water System orders and $531.3 million of Sewer System orders
- 48 distinct institutional investors placed orders
  - Existing holders added to positions
  - New investors came in to buy the System's bonds for the 1st time
  - Variety of account types participated including asset managers, mutual funds, insurance companies, SMAs, and relative value funds
- "Top Tier" investors, including the some of the largest bond funds and insurance companies in the municipal market, came in for significant orders



2016 Refunding Produced Substantial Savings

Refinancing produced $309 million aggregate cashflow savings, representing a present value savings of 15% of the bonds refunded

Refunding Results	Sewer	Water	Total
Senior Lien Cashflow Savings	$42,048,719	$110,997,590	$153,046,309
Second Lien Cashflow Savings	81,661,830	74,426,793	156,088,623
Total Cashflow Savings	**$123,710,549**	**$185,424,383**	**$309,134,932**
Senior Lien PV Savings	$10,016,172	$69,418,665	$79,434,837
Second Lien PV Savings	61,139,030	51,361,818	112,500,848
Total PV Savings	**$71,155,202**	**$120,780,483**	**$191,935,685**
Amount of Bonds Refunded	$480,140,000	$773,800,000	$1,253,940,000
PV Savings as % of Bonds Refunded	**14.82%**	**15.61%**	**15.31%**
Senior Lien Reserve Release	$23,804,512	$14,367,220	$38,171,732
Second Lien Reserve Release	19,927	10,795,798	10,815,725
Total Reserve Release	**$23,824,439**	**$25,163,018**	**$48,987,457**

For purposes of this analysis reserve releases are treated as an upfront adjustment (reduction) to PV savings. Second Lien savings include the savings associated with refunding certain Second Lien Bonds onto the Senior Lien.

Series 2016 – Aggregate Cashflow Savings

The refinancing structure achieves $140 million of the savings in FY 2017-2023, to assist in addressing legacy GRS payments, and in leveling the overall debt service payments for the respective systems.

Fiscal Year	Sewer Debt Service Savings			Water Debt Service Savings			Total Aggregate Savings
	Senior Lien	Second Lien	Total Sewer	Senior Lien	Second Lien	Total Water	
2017	$4,667,944	$2,051,273	$6,719,218	$3,997,736	$6,674,918	$10,672,654	$17,391,872
2018	6,306,275	4,288,381	10,594,656	10,960,554	5,088,488	16,049,041	26,643,698
2019	1,434,275	4,232,881	5,667,156	12,723,494	7,360,988	20,084,481	25,751,638
2020	1,434,275	4,207,381	5,641,656	8,017,194	5,709,963	13,727,156	19,368,813
2021	1,434,275	4,461,206	5,895,481	5,775,044	4,324,538	10,099,581	15,995,063
2022	1,434,275	4,236,756	5,671,031	5,095,394	8,934,888	14,030,281	19,701,313
2023	1,434,275	4,484,956	5,919,231	5,234,019	4,384,700	9,618,719	15,537,950
2024	5,469,275	1,993,219	7,462,494	23,644	8,766,613	8,790,256	16,252,750
2025	7,447,350	13,594	7,460,944	11,644	7,775,750	7,787,394	15,248,338
2026	859,000	6,604,356	7,463,356	6,194	6,246,563	6,252,756	13,716,113
2027	859,000	6,600,619	7,459,619	5,819	7,874,000	7,879,819	15,339,438
2028	859,000	6,603,094	7,462,094	8,192,969	9,188	8,202,156	15,664,250
2029	859,000	6,471,469	7,330,469	7,376,919	7,125	7,384,044	14,714,513
2030	859,000	6,997,294	7,856,294	6,188,925	8,563	6,197,488	14,053,781
2031	859,000	18,347,844	19,206,844	6,077,944	3,500	6,081,444	25,288,288
2032	4,574,000	12,619	4,586,619	6,090,988	12,438	6,103,425	10,690,044
2033	1,258,500	15,619	1,274,119	6,392,838	9,275	6,402,113	7,676,231
2034	-	12,369	12,369	1,004,225	1,217,913	2,222,138	2,234,506
2035	-	12,700	12,700	17,822,050	8,350	17,830,400	17,843,100
2036	-	14,200	14,200	-	9,038	9,038	23,238
Total	**$42,048,719**	**$81,661,830**	**$123,710,549**	**$110,997,590**	**$74,426,793**	**$185,424,383**	**$309,134,932**

Second Lien savings include the savings associated with refunding certain Second Lien Bonds onto the Senior Lien.

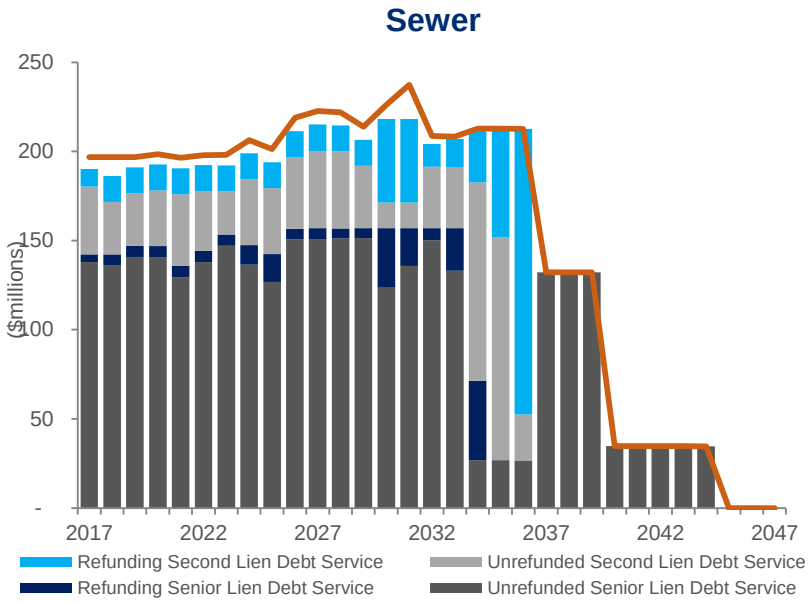
Series 2016 – Overview of Financing & Structure

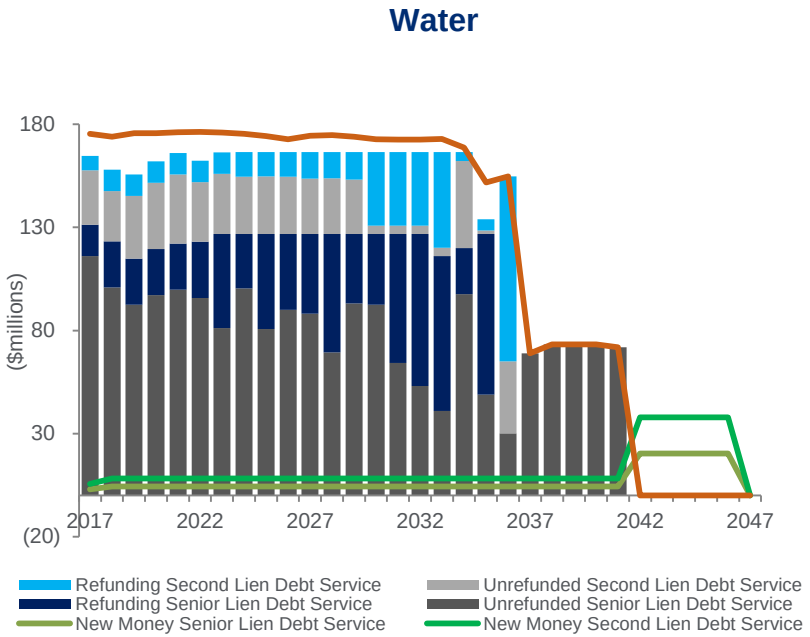
The optimized structure lowers annual debt service payments, and reduces maximum annual debt service payments providing enhanced financial flexibility for the Authority.

	SEWAGE DISPOSAL SYSTEM			WATER SUPPLY SYSTEM						TOTAL
	2016B (Senior) Refunding	2016C (Second) Refunding	Aggregate 2016 Sewer	2016A (Senior) New Money	2016B (Second) New Money	Total New Money	2016C (Senior) Refunding	2016D (Second) Refunding	Aggregate 2016 Water	WATER & SEWER
Par Amount of Bonds	126,105,000.00	295,190,000.00	421,295,000.00	$88,000,000.00	$163,830,000.00	$251,830,000.00	$443,930,000.00	$222,045,000.00	$917,805,000.00	$1,339,100,000.00
Premium	21,507,118.70	39,665,610.00	61,172,728.70	11,990,880.00	20,160,919.80	32,151,799.80	80,836,253.50	26,125,227.95	139,113,281.25	200,286,009.95
Debt Fund Contribution	2,727,591.64	7,689,310.40	10,416,902.04	-	-	-	8,628,047.04	7,830,820.80	16,458,867.84	26,875,769.88
Reserve Fund Release	23,804,512.24	19,926.52	23,824,438.76	-	-	-	14,367,219.68	10,795,797.61	25,163,017.29	48,987,456.05
Total Proceeds	$174,144,222.58	$342,564,846.92	$516,709,069.50	$99,990,880.00	$183,990,919.80	$283,981,799.80	$547,761,520.22	$266,796,846.36	$1,098,540,166.38	$1,615,249,235.88

Sewer Senior Lien All-In Cost of Borrowing	3.567%
Sewer Second Lien All-In Cost of Borrowing	3.916%
Sewer Overall All-In Cost of Borrowing	3.819%

Water Senior Lien All-In Cost of Borrowing	3.621%
Water Second Lien All-In Cost of Borrowing	4.027%
Water Overall All-In Cost of Borrowing	3.808%





For purposes of this analysis reserve releases are treated as an upfront adjustment to PV savings. Second Lien savings include the savings associated with refunding certain Second Lien Bonds onto the Senior Lien.

Summary of Financing Results

GLWA's inaugural 2016 financing achieved multiple goals and enhanced future flexibility.

- Issued $421.3 million of sewer bonds, and $917.8 million of water bonds, for a total overall issuance of $1.34 billion at an overall all-in interest rate of 3.81%.
- Issued $284 million of new money water bonds while reducing maximum annual debt service payments
- $309 million in savings generated to assist offsetting GRS payments and provide future financial flexibility
- Released $49 million of Bond Reserve Funds used to reduce the amount of refunding bonds issued. The releases are a result of:
  - More level annual debt service payments resulting from the refunding structure
  - Reduced maximum annual debt service payments by $17.2 million for sewer and $9.8 million for water
- Increased debt service coverage levels on both GLWA credits
- Purchased a small surety policy for the reserve fund that increases in face amount over time to proactively avoid the need to use future revenues for cash deposits in the near term
- Included springing amendment for the potential future elimination of the Bond Reserve Funds once GLWA attains two AA category ratings.

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TFG

THE FOSTER GROUP

P.O. BOX 26282
LEAWOOD, KS 66225
TEL: (913) 345-1410
FAX: (913) 345-1640

THE FOSTER GROUP, LLC
BART FOSTER, PRESIDENT
CELL: (913) 530-6240
BFOSTER@FOSTERGROUPLLC.COM

MEMORANDUM

Series 2016 Water and Sewer Bonds
Final Feasibility Report Summary

October 23, 2016

To: Nickie Bateson

From: Bart Foster

You have asked for an executive summary of the results of the final pricing of the subject bonds and how those results impact the financial projections contained within the Official Statements supporting issuance of the bonds. As noted in our Feasibility Consultant's Reports contained in the Official Statements, those projections effectively serve as the updated financial plan for the Water and Sewer Funds as the Authority begins consideration of the FY 2018 budget, financial plan, and proposed new schedules of water and sewer service charges.

Our initial financial projections were included in the Preliminary Official Statements dated September 30, 2016 and were formally presented to the Audit Committee at their September 9, 2016 meeting. The preliminary projections of debt service were intentionally conservative, as they reflected a simple depiction of debt service associated with the new money portion of the Water Bonds, and did not reflect any potential refunding savings. The updated projections include actual debt service resulting from the transactions. In addition to the refunding savings the new debt service schedule reflects the "optimized" structure implemented for the new money bonds.

Compared to the projections in the Preliminary Official Statement, the updated debt service requirements for FY 2018 are $19.6 million lower for the Water Fund and $10.6 million lower for the Sewer Fund. Our projected financial plan continues to assume that overall annual revenue requirements will continue to be increased 4.0% during the five-year projection period. As such, our projections assume that the lower debt service requirements will effectively result in increased annual deposits to the Improvement and Extension Funds to support enhanced revenue financed capital levels. We acknowledge that other approaches are available to the Authority as it reflects the benefits provided by the Series 2016 Bonds into its formal financial plans for the FY 2018 Budget. As noted in our reports:

> *"The savings provided by the refunding portion of the Series 2016 Bonds provide additional flexibility for the Authority to consider alternative operating financial plans that continue to deliver on the overall policy goals."*

We are prepared to discuss this matter at your convenience.

FOR IMMEDIATE RELEASE
October 3, 2016

Media Contact:
Michelle Zdrodowski / M: 313-618-0552 / O: 313-224-4739 / michelle.zdrodowski@glwater.org or
Amanda Abukahder / M: 734-934-7868 / O: 313-324-7854 / Amanda.abukhader@fleishman.com

GLWA IS NOW AN "A" RATED UTILITY AFTER NINE MONTHS OF INDEPENDENT OPERATION

Positive ratings actions from all three rating agencies validates GLWA Board of Directors' direction and Management Team's efforts on behalf of the utility

DETROIT – The Great Lakes Water Authority (GLWA) last week received positive ratings actions from all three ratings agencies – Fitch Ratings, Moody's Investors Service and S&P Global Ratings, and is now an "A" rated utility after nine months of operation as an independent regional water and sewer authority that services nearly 40 percent of the water customers in Michigan.

"I am very pleased to see the positive actions from the three ratings agencies as they are the reflection of the hard work and dedication of the entire GLWA team," said Sue F. McCormick, CEO of GLWA. "That each rating agency took note of the continuing progress and improvements being made by GLWA is gratifying."

Fitch Ratings

Fitch provided a substantial upgrade in ratings for senior and second lien debt, moving GLWA's outstanding bonds up three notches from "BBB" to an "A" rating with a stable outlook for its senior lien, and from "BBB-" to "A-" for its second lien.

The rating agency explained its upgrade stating, "The rating upgrade reflects improved operating fundamentals, including enhanced revenues and reduced operating costs that generated audited 2015 and unaudited 2016 results that were stronger than expected. The higher rating and stable outlook further reflect Fitch's expectation that the authority's improved debt service coverage and liquidity will be sustained…"

Fitch also cited GLWA's independence, lease revenue protections, willingness to adjust annual revenue requirements to meet system needs, and plans to use pay-go capital funding to alleviate debt pressures as key factors in this rating increase.

Moody's Investors Service

Moody's has upgraded GLWA's credit rating for the second time this year. In February 2016, GLWA's senior lien debt was upgraded to Baa1 with a stable outlook and its second lien debt was upgraded to Baa2. Last week, Moody's again upgraded GLWA's senior lien rating to A3 and its second lien debt to Baa1.

"Under any circumstances, receiving two upgrades within nine months is extraordinary," said Nicolette Bateson, Chief Financial Officer and Treasurer for GLWA. "While there remains more work to do, Moody's upgrade reflects the significant accomplishments that GLWA has made in its short tenure of existence."

The rating upgrade reflects the continued strong management and financial performance of the utility. Moody's indicated that significant factors supporting its upgrade were GLWA's stronger than anticipated financial performance for Fiscal Year 2014-15, as well as the continued improvement in its estimated Fiscal 2015-16 financial performance numbers.

S&P Global Ratings

In November 2015, S&P assigned a substantial upgrade to A- with a stable outlook for the senior bonds, and BBB+ with a stable outlook for the second lien bonds anticipating their transfer to GLWA on January 1, 2016. At the time of that review, S&P stated that no further ratings adjustments would be likely over the next two years while the new GLWA established its own track record of performance.

However, last week S&P adjusted GLWA's rating outlook upward to positive from stable for both its senior lien and second lien bonds.

According to the S&P report, "The positive outlook reflects our expectation that within the two year outlook horizon, financial performance that either meets or exceeds current projections should be consistent with a higher rating, assuming no other credit factors significantly offset this trend." This conservative but positive momentum change reflects the progress that GLWA has made in its brief tenure.

"Even with the cautious approach taken by the rating agencies, a second upgrade in nine months from Moody's, a momentum adjustment to a positive outlook from S&P, and a multi-level upgrade from Fitch is wonderful news," said GLWA Board Chair Robert Daddow. "This acknowledgement sets a positive tone for the bond market's reception of GLWA's upcoming inaugural bond offering."

About the Great Lakes Water Authority (GLWA)

The Great Lakes Water Authority (GLWA) was established in November 2014 to provide water and waste water services to 126 municipalities in seven Southeastern Michigan counties. On January 1, 2016, GLWA assumed operational, infrastructure improvements, environmental compliance and budget-setting responsibilities for the regional water and sewage treatment plants, major water transmission mains and sewage interceptors, and related facilities. The organization leases these facilities from the City of Detroit for an allocation of $50 million per year to fund capital improvements for the City of Detroit retail system and/or debt obligations. GLWA also funds a Water Residential Assistance Program to assist low-income residential customers throughout the system. The GLWA board includes one representative each from Oakland, Macomb and Wayne counties as well as two representatives from the City of Detroit, and one appointed by the governor of Michigan to represent customer communities outside the tri-county area.

FOR IMMEDIATE RELEASE
October 13, 2016

Media Contact:
Amanda Abukhader / M: 734-934-7868 / O: 313-324-7854 / amanda.abukhader@fleishman.com
Michelle Zdrodowski / M: 313-618-0552 / O: 313-224-4739 / michelle.zdrodowski@glwater.org

GREAT LAKES WATER AUTHORITY EXECUTES MONEY-SAVING $1.3 BILLION INAUGURAL BOND SALE

Refunding achieves $309.1 million in savings

DETROIT -- The Great Lakes Water Authority (GLWA) has gone to market for its inaugural transaction this week, pricing a $1.3 billion bond sale, which includes nearly $1.1 billion for refunding of outstanding GLWA debt and $251.8 million for new capital projects for the regional and Detroit local water systems.

As a result of the favorable interest rates on the bonds, GLWA will realize a net cash flow savings of $309.1 million over the life of the refinanced bonds. Closing of the sale is expected by the end of the month.

"The market response to our bond sale is a clear indicator that the investment community believes in the progress that GLWA has made over the last nine months as an independent, regional authority," said Sue F. McCormick, Chief Executive Officer for GLWA. "This positive momentum really buoys us in our work to be the provider of choice which is dedicated to effectively and efficiently delivering the nation's best water and sewer services in partnership with our customers."

The bond sale is part of a comprehensive plan being executed by GLWA to create long-term financial sustainability and reduce its dependence on debt financed capital for both systems.

"GLWA continues to see the results of its ongoing organizational optimization efforts which have greatly contributed to our positive financial performance," said Nicolette Bateson, GLWA's Chief Financial Officer and Treasurer. These savings improve the financial outlook for our region's water and wastewater systems over the remaining life of the outstanding bonds – up to 20 years.

GLWA believes that a key factor in the success of the bond sale, was the recent positive ratings actions from all three credit rating agencies. Fitch Ratings moved GLWA up three notches on its senior and second liens, from "BBB" to "A" and from "BBB-" to "A-,"

respectively. Moody's Investors Service upgraded GLWA's credit rating for the second time this year, advancing GLWA's senior and second liens one notch to A3 and Baa1, respectively. And, S&P Global Ratings adjusted GLWA's rating outlook upward to "positive" from "stable" for both its senior and second lien bonds.

Another key factor that contributed to the positive market response is the Authority's extensive outreach to the investor community. GLWA hosted an event in the City of Detroit in early October attended by 12 separate institutional investors and five bond underwriting firms. The event included a presentation on GLWA's strategic and financial plan and a tour of the system's water treatment plant. Following that event, 50 institutional investor analysts representing 46 different institutions have logged in and listened to the 33-minute online Investor Roadshow presentation recorded by GLWA's Senior Leadership Team. In addition, those efforts were supported by numerous individual conference calls with institutional investors to directly respond to their questions. A total of 48 institutional investors purchased GLWA bonds.

"We continue to seek out opportunities to achieve savings that will benefit the Authority's customer communities," said GLWA Board Chairman Robert Daddow. "The savings realized from our improved bond ratings and the positive outcome from this sale are just two examples of our work to seek and attain better rates on our debt, which in turn will allow GLWA to provide additional value to its customers."

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About the Great Lakes Water Authority (GLWA)

The Great Lakes Water Authority (GLWA) was established in November 2014 to provide water and waste water services to 127 municipalities in seven Southeastern Michigan counties. On January 1, 2016, GLWA assumed operational, infrastructure improvements, environmental compliance and budget-setting responsibilities for the regional water and sewage treatment plants, major water transmission mains and sewage interceptors, and related facilities. The organization leases these facilities from the City of Detroit for an allocation of $50 million per year fund capital improvements for the City of Detroit retail system and/or debt obligations. GLWA also funds a Water Residential Assistance Program to assist low-income residential customers throughout the system. The GLWA board includes one representative each from Oakland, Macomb and Wayne counties as well as two representatives from the City of Detroit, and one appointed by the governor of Michigan to represent customer communities outside the tri-county area.

GLWA
Great Lakes Water Authority

GREAT LAKES WATER AUTHORITY EXECUTES MONEY-SAVING $1.3 BILLION INAUGURAL BOND SALE

FREQUENTLY ASKED QUESTIONS

1) Why did GLWA decide to enter the market at this time?

A foundational premise of the regional authority was to establish a framework to fund the region's infrastructure needs at a lower cost of borrowing. Soon after GLWA began operations on January 1, 2016, the Authority's financial advisors were asked to evaluate potential savings opportunities if a portion of the debt was refinanced. At that time, it was estimated that $154.5 million of net present value savings could be achieved. Over the course of the next several months, a financing team was assembled and a set of inaugural legal and financial documents were prepared. October 2016 was identified as the earliest possible date for the refunding transaction. The outcome is actual net present value savings of $192 million.

It should be noted that tax-exempt rates continue to hover at all-time historical lows, providing a great time for GLWA to refinance a large portion of its debt, as well as access capital for new money needs. According to PFM, GLWA's financial advisor, longer-term tax-exempt bond rates have been lower than the rates on 10/13/16 (the date of the sale) for only 139 market days in the last 30 years, creating an optimal time for this transaction.

2) How was the bond sale amount determined?

The amount of new money water system bonds was based upon capital investment needs of the regional system ($226 million), as well as the local Detroit system ($57 million) for approximately the next two years at historically low tax-exempt rates.

Given the universe of available refinancing candidates, GLWA elected to refinance all of the outstanding debt that exceeded its debt policy savings thresholds. This means that each bond refunded contributed to positive cash flow savings and exceeded a threshold of 5% net present value savings. For virtually all of the bonds, the refinancing substantially exceeded minimum savings. This resulted in the refinancing of $773 million of water bonds and $480 million of sewer bonds.

3) What was the total amount of the sale? How much for Water? How much for sewer?

The total par amount issued equaled $1.3 billion: $918 million for water (refunding of $666 million and new money of $252 million) and $421 million for sewer. The size of the transaction was reduced modestly by released reserve funds and original issue premium.

4) What were the goals of the $1.3 billion sale?

This sale had a number of goals, all of which were met in a transaction that exceeded expectations:

1. Provide financial savings to control future borrowing costs, place less pressure on customer charges, and improve financial metrics for the new organization;
2. Secure capital improvement funding at a favorable rate for both the regional and local water systems;
3. Improve the bond ratings on the outstanding debt;
4. Further GLWA's transparent relationship with investors;
5. Release cash from reserves to improve efficient use of liquid assets for system improvements. As a result of this transaction, $24 million was released from reserves.

5) What is the average interest rate achieved for the sale?

The all-in cost of funds for the inaugural GLWA bond sale was 3.81% combined (water and sewer), reflecting the historically low interest rate environments and the recent rating upgrades for GLWA.

6) What is the total of cash flow savings for the sale?

The total cash flow savings from the transaction are $309.1 million: $124 million for sewer ($71 million present value) and $185 million for water ($121 million present value). The present value refunding savings represent 15% of the bonds being refunded.

7) What were the key factors to the success of the sale?

The key factors in the success of the sale were the demonstrated credit strengths of Great Lakes Water Authority as a newly created regional authority and the rating upgrades from the rating agencies. GLWA was able to communicate these credit strengths to the investor community resulting in enhanced demand for GLWA bonds at historically low interest rates.

8) What capital projects will the proceeds from this sale will fund?

The proceeds from the new money portion of the water bond sale will be used to fund projects identified as part of the Water Master Plan update and included in the revised Water Capital Improvement Plan (CIP). The improvements focus on improving the system's infrastructure by making strategic investments in longer lived assets, such as water transmission lines, which will increase flexibility on how the utility moves water through its system, improve service reliability and position the utility to right-size its capacity to meet customer demands.

9) Who were GLWA's Financial Team on the bond sale?

- Citi group, Underwriting Bookrunning Senior Manager
- Goldman, Sachs & Co., Underwriting Co-Senior Manager
- The Foster Group, Feasibility Consultant
- Dickinson Wright, PLLC GLWA Bond Counsel
- Kutack Rock, Underwriters' Counsel
- PFM Financial Advisors LLC, Financial Advisor
- Barclays, Underwriting Co-Manager
- J.P. Morgan, Underwriting Co-Manager
- Morgan Stanley, Underwriting Co-Manager
- Siebert Cisneros Shank & Co., Underwriting Co-Manager
- Ramirez & Co., Inc., Underwriting Co-Manager
- Wells Fargo Securities, Underwriting Co-Manager

GLWA
Great Lakes Water Authority

Financial Services Group
Audit Committee Communication

Date: October 26, 2016

To: Great Lakes Water Authority Audit Committee

From: Jon Wheatley, Public Finance Manager

Re: Monthly Revenue & Collections Report for October 2016

The *Monthly Revenue & Collections Report includes the following.*

1. Final FY 2016 Retail and Wholesale Sewer Revenue (unaudited)
2. Final FY 2016 Retail and Wholesale Water Revenue (unaudited)
3. FY 2017 Retail and Wholesale Sewer Revenue
4. FY 2017 Retail and Wholesale Water Revenue
5. City of Highland Park Billings and Collections
6. City of Flint Billings and Collections
7. Water & Sewer System Wholesale Accounts Receivable Aging Report

Note: Wholesale customer revenues are billed by the Great Lakes Water Authority (GLWA). Pursuant to the terms of the lease agreement between the City of Detroit and the Great Lakes Water Authority, the Detroit Water & Sewerage Department (DWSD) serves as GLWA's agent for billing activities for the City of Detroit retail customer class. All revenues collected by both GLWA and DWSD are deposited in a trust account in accordance with the GLWA Master Bond Ordinance.

1. Final FY 2016 Retail and Wholesale Sewer Revenue Report

Table 1 summarizes the unaudited FY 2016 billed sewer revenues for both DWSD Retail and GLWA Wholesale customer classes. The revenues do not reflect collections of those revenues. It should also be noted that the revenues are shown in the month that the billed flow was accrued and not the following month when the bills are usually sent out to customers.

Table 1 – Combined DWSD and GLWA Wholesale FY 2016 Sewer Revenue (unaudited)

RETAIL CUSTOMERS

	FY 2016 - Goal		FY 2016 - Actual		Variance	
Month	Volume Mcf	Revenue	Volume Mcf	Revenue	Volume Mcf	Revenue
July	301,000	26,201,700	279,974	25,073,146	(21,026)	(1,128,554)
August	287,600	25,797,900	275,664	25,042,627	(11,936)	(755,273)
September	257,200	25,963,800	230,050	22,490,618	(27,150)	(3,473,182)
October	244,300	20,878,700	220,490	21,933,986	(23,810)	1,055,286
November	222,400	23,614,200	201,960	21,134,302	(20,440)	(2,479,898)
December	234,000	22,292,000	216,605	21,810,646	(17,395)	(481,354)
January	255,500	22,951,200	200,985	21,015,402	(54,515)	(1,935,798)
February	237,100	21,771,600	222,352	22,635,046	(14,748)	863,446
March	236,900	22,688,100	208,452	21,384,417	(28,448)	(1,303,683)
April	227,900	22,214,000	189,271	20,423,342	(38,629)	(1,790,658)
May	251,400	22,654,400	234,743	22,650,960	(16,657)	(3,440)
June	269,700	22,217,800	271,970	24,756,337	2,270	2,538,537
Total	3,025,000	279,245,400	2,752,516	270,350,829	(272,484)	(8,894,571)
Subtotals ytd	*3,025,000*	*279,245,400*	*2,752,516*	*270,350,829*	*(272,484)*	*(8,894,571)*
Achievement of Goal			*91.0%*	*96.8%*		

WHOLESALE SEWER CUSTOMERS

	FY 2016 - Goal		FY 2016 - Actual		Variance	
Month	Volume* Mcf	Revenue $	Volume* Mcf	Revenue $	Volume* Mcf	Revenue $
July	N/A	21,177,000	N/A	21,237,360	N/A	60,360
August	N/A	21,177,000	N/A	21,177,000	N/A	0
September	N/A	21,177,000	N/A	21,177,000	N/A	0
October	N/A	21,177,000	N/A	21,177,000	N/A	0
November	N/A	21,177,000	N/A	21,177,000	N/A	0
December	N/A	21,177,000	N/A	21,177,000	N/A	0
January	N/A	21,177,000	N/A	21,177,000	N/A	0
February	N/A	21,177,000	N/A	21,177,000	N/A	0
March	N/A	21,177,000	N/A	21,177,000	N/A	0
April	N/A	21,177,000	N/A	21,177,000	N/A	0
May	N/A	21,177,000	N/A	21,177,000	N/A	0
June	N/A	21,177,000	N/A	21,177,000	N/A	0
Total		254,124,000		254,184,360		60,360
Subtotals ytd		*21,177,000*		*21,237,360*		*60,360*
Achievement of Goal				*100.3%*		

* Monthly sewer billings are based on the Sewer Shares which are assigned to each customer in accordance with the Sewer Rate Simplification Process which was effective July 1, 2014.

TOTAL - ALL CUSTOMERS

	FY 2016 - Goal		FY 2016 - Actual		Variance	
Month	Volume Mcf	Revenue	Volume Mcf	Revenue	Volume Mcf	Revenue
July	301,000	47,378,700	279,974	46,310,506	(21,026)	(1,068,194)
August	287,600	46,974,900	*275,664*	46,219,627	(11,936)	(755,273)
September	257,200	47,140,800	230,050	43,667,618	(27,150)	(3,473,182)
October	244,300	42,055,700	220,490	43,110,986	(23,810)	1,055,286
November	222,400	44,791,200	201,960	42,311,302	(20,440)	(2,479,898)
December	234,000	43,469,000	216,605	42,987,646	(17,395)	(481,354)
January	255,500	44,128,200	200,985	42,192,402	(54,515)	(1,935,798)
February	237,100	42,948,600	222,352	43,812,046	(14,748)	863,446
March	236,900	43,865,100	208,452	42,561,417	(28,448)	(1,303,683)
April	227,900	43,391,000	189,271	41,600,342	(38,629)	(1,790,658)
May	251,400	43,831,400	234,743	43,827,960	(16,657)	(3,440)
June	269,700	43,394,800	271,970	45,933,337	2,270	2,538,537
Total	3,025,000	533,369,400	2,752,516	524,535,189	(272,484)	(8,834,211)
Subtotals ytd	*3,025,000*	*300,422,400*	*2,752,516*	*291,588,189*	*(272,484)*	*(8,834,211)*
Achievement of Goal			*91.0%*	*97.1%*		

DWSD Retail Billings: Based on data provided by DWSD staff, the DWSD retail class had billed sewer usage of 91% of budget and billed revenues of 96.8% of budget for FY 2016 as shown in **Table 1**.

GLWA Wholesale Customer Billings: **Table 1** shows the final FY 2016 sewer billed usage and billed revenue. As a result of the sewer rate simplification, which provides a more stable revenue stream, the wholesale sewer customers are billed a fixed monthly fee. The results of this effort can be seen as ***the billed revenue for FY 2016 was at 100.3% of budget***. Due to the FY 2016 charges taking effect July 9, 2015, there was a positive variance in wholesale sewer billings.

Total System Billings: **Table 1** shows the final FY 2016 combined DWSD and GLWA Wholesale sewer billed usage and billed revenue. Based on the combined Retail and Wholesale Billings, the GLWA Sewer System had billed sewer revenues of 97.1% of budget for FY 2016.

2. Final FY 2016 Retail and Wholesale Water Revenue Report

Table 2 summarizes the unaudited FY 2016 billed water revenues for both DWSD Retail and GLWA Wholesale customer classes. The revenues do not reflect collections of those revenues. It should also be noted that the revenues are shown in the month that the billed flow was accrued and not the following month when the bills are usually sent out to customers.

Table 2 – Combined DWSD and GLWA Wholesale FY 2016 Water Revenue (unaudited)

RETAIL CUSTOMERS

	Budget			Actual			Variance	
	Volume	Revenue	Unit Revenue	Volume	Revenue	Unit Revenue	Volume	Revenue
	Mcf	*$*	*$/Mcf*	*Mcf*	*$*	*$/Mcf*	*Mcf*	*$*
Jul	330,600	10,406,100	31.48	307,733	9,421,699	30.62	(22,867)	(984,401)
Aug	312,500	9,993,300	31.98	314,145	9,624,597	30.64	1,645	(368,703)
Sep	280,400	9,261,200	33.03	239,938	8,173,527	34.07	(40,462)	(1,087,673)
Oct	262,100	8,843,800	33.74	250,171	8,129,877	32.50	(11,929)	(713,923)
Nov	242,000	8,385,400	34.65	225,393	7,660,364	33.99	(16,607)	(725,036)
Dec	255,300	8,688,700	34.03	245,305	8,010,617	32.66	(9,995)	(678,083)
Jan	274,600	9,128,900	33.24	229,113	7,589,830	33.13	(45,487)	(1,539,070)
Feb	258,300	8,757,100	33.90	243,071	8,181,979	33.66	(15,229)	(575,121)
Mar	258,500	8,761,700	33.89	240,603	7,872,538	32.72	(17,897)	(889,162)
Apr	252,900	8,634,000	34.14	216,238	7,349,561	33.99	(36,662)	(1,284,439)
May	277,000	9,183,600	33.15	268,640	9,606,085	35.76	(8,360)	422,485
Jun	295,800	9,612,400	32.50	306,092	9,429,737	30.81	10,292	(182,663)
Total	3,300,000	109,656,200	33.23	3,086,441	101,050,411	32.74	(213,559)	(8,605,789)
YTD Achievement of Budget				*93.5%*	*92.2%*			

WHOLESALE CUSTOMERS

	Budget			Actual			Variance	
	Volume	Revenue	Unit Revenue	Volume	Revenue	Unit Revenue	Volume	Revenue
	Mcf	*$*	*$/Mcf*	*Mcf*	*$*	*$/Mcf*	*Mcf*	*$*
Jul	1,485,130	28,452,200	19.16	1,484,928	27,991,867	18.85	(202)	(460,333)
Aug	1,445,540	28,220,700	19.52	1,525,278	29,144,269	19.11	79,738	923,569
Sep	1,289,730	26,407,400	20.48	1,406,260	27,637,331	19.65	116,530	1,229,931
Oct	1,130,720	24,931,200	22.05	1,135,048	25,028,541	22.05	4,328	97,341
Nov	966,910	23,566,700	24.37	935,394	23,304,814	24.91	(31,516)	(261,886)
Dec	1,056,610	24,218,700	22.92	989,529	23,615,719	23.87	(67,081)	(602,981)
Jan	1,087,910	24,532,600	22.55	1,013,414	23,883,542	23.57	(74,496)	(649,058)
Feb	987,500	23,671,400	23.97	918,834	23,146,909	25.19	(68,666)	(524,491)
Mar	1,078,300	24,465,700	22.69	1,001,069	23,791,579	23.77	(77,231)	(674,121)
Apr	1,003,640	23,812,900	23.73	970,919	23,557,087	24.26	(32,721)	(255,813)
May	1,181,850	25,608,700	21.67	1,173,546	25,657,605	21.86	(8,304)	48,905
Jun	1,407,010	27,611,700	19.62	1,739,652	31,164,158	17.91	332,642	3,552,458
Total	14,120,850	305,499,900	21.63	14,293,872	307,923,422	21.54	173,022	2,423,522
YTD Achievement of Budget				*101.2%*	*100.8%*			

TOTAL- ALL CUSTOMERS

	Budget			Actual			Variance	
	Volume	Revenue	Unit Revenue	Volume	Revenue	Unit Revenue	Volume	Revenue
	Mcf	*$*	*$/Mcf*	*Mcf*	*$*	*$/Mcf*	*Mcf*	*$*
Jul	1,815,730	38,858,300	21.40	1,792,661	37,413,566	20.87	(23,069)	(1,444,734)
Aug	1,758,040	38,214,000	21.74	1,839,423	38,768,866	21.08	81,383	554,866
Sep	1,570,130	35,668,600	22.72	1,646,198	35,810,858	21.75	76,068	142,258
Oct	1,392,820	33,775,000	24.25	1,385,220	33,158,418	23.94	(7,600)	(616,582)
Nov	1,208,910	31,952,100	26.43	1,160,787	30,965,178	26.68	(48,123)	(986,922)
Dec	1,311,910	32,907,400	25.08	1,234,834	31,626,336	25.61	(77,076)	(1,281,064)
Jan	1,362,510	33,661,500	24.71	1,242,527	31,473,372	25.33	(119,983)	(2,188,128)
Feb	1,245,800	32,428,500	26.03	1,161,905	31,328,888	26.96	(83,895)	(1,099,612)
Mar	1,336,800	33,227,400	24.86	1,241,673	31,664,117	25.50	(95,127)	(1,563,283)
Apr	1,256,540	32,446,900	25.82	1,187,157	30,906,648	26.03	(69,383)	(1,540,252)
May	1,458,850	34,792,300	23.85	1,442,186	35,263,690	24.45	(16,664)	471,390
Jun	1,702,810	37,224,100	21.86	2,045,744	40,593,895	19.84	342,934	3,369,795
Total	17,420,850	415,156,100	23.83	17,380,313	408,973,833	23.53	(40,537)	(6,182,267)
YTD Achievement of Budget				*99.8%*	*98.5%*			

DWSD Retail Billings: Table 2 shows the final FY 2016 water billed usage and billed revenue. These numbers are provided by DWSD staff. For FY 2016, the DWSD retail class had billed water usage of 91% of budget and revenues of 96.8% of budget.

GLWA Wholesale Customer Billings: Table 2 shows the final FY 2016 water billed usage and billed revenue For FY 2016, wholesale water charges were re-structured to create a more stable revenue stream by using a historical two year rolling average to project customer volumes and allocating 60% of the customer revenue requirement to the monthly fixed charge. The results of this effort can be seen as ***the billed usage was at 101.2% of budget and billed revenue at 100.8% of budget for FY 2016.***

Total System Billings: Table 2 shows the final FY 2016 combined DWSD and GLWA Wholesale water billed usage and billed revenue. Based on the combined Retail and Wholesale Billings, the GLWA Water System had billed water usage of 99.8% of budget and billed revenues of 98.5% of budget for FY 2016.

3.FY 2017 Retail and Wholesale Sewer Revenue Report

Table 3 summarizes the unaudited FY 2017 billed revenues through September 30, 2016 and do not reflect collections of those revenues. It should also be noted that the revenues are shown in the month that the billed flow was accrued and not the following month when the bills are usually sent out to customers.

Table 3 – Combined DWSD and GLWA Wholesale FY 2017 Sewer Revenue

RETAIL SEWER CUSTOMERS

	FY 2017 - Goal		FY 2017 - Actual		Variance	
Month	Volume Mcf	Revenue	Volume Mcf	Revenue	Volume Mcf	Revenue
July	270,300	25,613,200	251,821	24,419,060	(18,479)	(1,194,140)
August	263,000	25,233,200				
September	242,400	24,161,000				
October	225,500	23,281,300				
November	204,800	22,203,900				
December	222,200	23,109,500				
January	229,200	23,473,900				
February	221,600	23,078,300				
March	221,900	23,093,900				
April	208,500	22,396,500				
May	233,800	23,713,300				
June	256,800	24,910,500				
Total	2,800,000	284,268,500	251,821	24,419,060	(18,479)	(1,194,140)
Subtotals ytd	*270,300*	*25,613,200*	*251,821*	*24,419,060*	*(18,479)*	*(1,194,140)*
Achievement of Goal			*93.2%*	*95.3%*		

WHOLESALE SEWER CUSTOMERS

	FY 2017 - Goal		FY 2017 - Actual		Variance	
Month	Volume Mcf	Revenue $	Volume Mcf	Revenue $	Volume Mcf	Revenue $
July	N/A	22,206,400	N/A	22,206,400	N/A	0
August	N/A	22,206,400	N/A	22,206,400	N/A	0
September	N/A	22,206,400	N/A		N/A	
October	N/A	22,206,400	N/A		N/A	
November	N/A	22,206,400	N/A		N/A	
December	N/A	22,206,400	N/A		N/A	
January	N/A	22,206,400	N/A		N/A	
February	N/A	22,206,400	N/A		N/A	
March	N/A	22,206,400	N/A		N/A	
April	N/A	22,206,400	N/A		N/A	
May	N/A	22,206,400	N/A		N/A	
June	N/A		N/A		N/A	
Total	0	244,270,400	0	44,412,800	0	0
Subtotals ytd	*0*	*44,412,800*	*0*	*44,412,800*		*0*
Achievement of Goal				*100.0%*		

TOTAL - ALL CUSTOMERS

	FY 2017 - Goal		FY 2017 - Actual		Variance	
Month	Volume Mcf	Revenue	Volume Mcf	Revenue	Volume Mcf	Revenue
July	270,300	47,819,600	251,821	46,625,460	(18,479)	(1,194,140)
August	263,000	47,439,600	0	*0*		
September	242,400	46,367,400	0	0		
October	225,500	45,487,700	0	0		
November	204,800	44,410,300	0	0		
December	222,200	45,315,900	0	0		
January	229,200	45,680,300	0	0		
February	221,600	45,284,700	0	0		
March	221,900	45,300,300	0	0		
April	208,500	44,602,900	0	0		
May	233,800	45,919,700	0	0		
June	256,800	24,910,500	0	0		
Total	2,800,000	528,538,900	251,821	46,625,460	(18,479)	(1,194,140)
Subtotals ytd	*270,300*	*47,819,600*	*251,821*	*46,625,460*	*(18,479)*	*(1,194,140)*
Achievement of Goal				*97.5%*		

DWSD Retail Billings: Table 3 shows the FY 2017 sewer billed usage and billed revenue. These numbers are provided by DWSD staff, however the actual usage and revenue numbers for August usage (September billings) were not available at the time of this report. As of July 31, 2016, the DWSD usage was at 93.2% of budget and billable revenue was at 95.3% of budget.

GLWA Wholesale Customer Billings: Table 3 shows the FY 2017 sewer billed revenue. As a result of the sewer rate simplification which provides a more stable revenue stream, the wholesale sewer customers are billed a fixed monthly fee. The results of this effort can be seen as the billed revenue is at 100.0% of budget through August 31, 2016.

Total System Billings: Table 3 shows the FY 2017 combined DWSD and GLWA Wholesale sewer billed usage and billed revenue. Based on the combined billings, the GLWA Sewer System had billed revenues of 97.5% of budget based upon the most current information available as of this report.

4. FY 2017 Retail and Wholesale Water Revenue Report

Table 4 summarizes the unaudited FY 2017 wholesale customer water revenues billed by GLWA and the retail water revenues billed by DWSD. Please note these are billed revenues and do not reflect collections of those revenues. It should also be noted that the revenues are shown in the month that the billed flow was accrued and not the following month when the bills are usually sent out.

Table 4 – Combined DWSD and GLWA Wholesale FY 2017 Water Revenue Report

RETAIL WATER CUSTOMERS

	FY 2017 - Goal			FY 2017 - Actual			Variance	
Month	Volume Mcf	Revenue	Unit Revenue $/Mcf	Volume Mcf	Revenue	Unit Revenue $/Mcf	Volume Mcf	Revenue
July	289,300	9,203,000	31.81	286,452	9,248,558	32.29	(2,848)	45,558
August	283,600	9,069,000	31.98	0	0			
September	257,300	8,450,500	32.84	0	0			
October	244,800	8,156,500	33.32	0	0			
November	218,800	7,545,000	34.48	0	0			
December	242,200	8,095,300	33.42	0	0			
January	248,800	8,250,600	33.16	0	0			
February	238,800	8,015,400	33.57	0	0			
March	245,100	8,163,500	33.31	0	0			
April	229,500	7,796,700	33.97	0	0			
May	257,400	8,452,800	32.84	0	0			
June	278,400	8,946,700	32.14	0	0			
Total	3,034,000	100,145,000	33.01	286,452	9,248,558	32.29	(2,848)	45,558
Subtotals ytd	*289,300*	*9,203,000*	*31.81*	*286,452*	*9,248,558*	*32.29*	*(2,848)*	*45,558*
Achievement of Goal				*99.0%*	*100.5%*			

WHOLESALE WATER CUSTOMERS

	FY 2017 - Goal			FY 2017 - Actual			Variance	
Month	Volume Mcf	Revenue $	Unit Revenue $/Mcf	Volume Mcf	Revenue $	Unit Revenue $/Mcf	Volume Mcf	Revenue $
July	1,460,300	28,995,300	19.86	1,876,004	33,829,577	18.03	415,704	4,834,277
August	1,446,500	28,870,800	19.96	1,641,781	31,588,177	19.24	195,281	2,717,377
September	1,305,800	27,601,300	21.14	0	0			
October	1,095,200	25,701,100	23.47	0	0			
November	947,400	24,367,500	25.72	0	0			
December	1,021,500	25,036,100	24.51	0	0			
January	1,063,000	25,410,600	23.90	0	0			
February	966,200	24,537,200	25.40	0	0			
March	1,072,900	25,499,900	23.77	0	0			
April	990,800	24,759,100	24.99	0	0			
May	1,115,500	25,884,300	23.20	0	0			
June	1,421,500	28,645,300	20.15	0	0			
Total	13,906,600	315,308,500	22.67	3,517,785	65,417,754	18.60	610,985	7,551,654
Subtotals ytd	*2,906,800*	*57,866,100*	*19.91*	*3,517,785*	*65,417,754*	*18.60*	*610,985*	*7,551,654*
Achievement of Goal				*121.0%*	*113.1%*			

TOTAL - ALL CUSTOMERS

	FY 2017 - Goal			FY 2017 - Actual			Variance	
Month	Volume Mcf	Revenue	Unit Revenue $/Mcf	Volume Mcf	Revenue	Unit Revenue $/Mcf	Volume Mcf	Revenue
July	1,749,600	38,198,300	21.83	2,162,456	43,078,135	19.92	412,856	4,879,835
August	1,730,100	37,939,800	21.93	*1,641,781*	*31,588,177*	19.24	(88,319)	(6,351,623)
September	1,563,100	36,051,800	23.06	0	0			
October	1,340,000	33,857,600	25.27	0	0			
November	1,166,200	31,912,500	27.36	0	0			
December	1,263,700	33,131,400	26.22	0	0			
January	1,311,800	33,661,200	25.66	0	0			
February	1,205,000	32,552,600	27.01	0	0			
March	1,318,000	33,663,400	25.54	0	0			
April	1,220,300	32,555,800	26.68	0	0			
May	1,372,900	34,337,100	25.01	0	0			
June	1,699,900	37,592,000	22.11	0	0			
Total	16,940,600	415,453,500	24.52	2,162,456	43,078,135	19.92	324,537	(1,471,788)
Subtotals ytd	*1,749,600*	*38,198,300*	*21.83*	*2,162,456*	*43,078,135*	*19.92*	*412,856*	*4,879,835*
Achievement of Goal				*123.6%*	*112.8%*			

DWSD Retail Billings: Table 4 shows the FY 2017 water billed usage and billed revenue. These numbers are provided by DWSD staff, however the actual usage and revenue numbers for August usage (September revenues) were not available at the time of this report. As of July 31, 2016, the DWSD usage was at 99.0% of budget and billed revenue was at 100.5% of budget.

GLWA Wholesale Customer Billings: Table 4 shows the FY 2017 water billed usage and billed revenues. Starting FY 2016, wholesale water charges were re-structured to create a more stable revenue stream by using a historical two year rolling average to project customer volumes and allocating 60% of the customer revenue requirement to the monthly fixed charge. As of September 30, 2016, the billed usage was at 121.0% of budget and billed revenue at 113.1% of budget.

Total System Billings: Table 4 shows the FY 2017 combined DWSD and GLWA Wholesale water billed usage and billed revenue. Based on the combined Retail and Wholesale Water billings, the GLWA Water System had billed usage of 123.6% of budget and billed revenues of 112.8% of budget based upon the most current information available as of this report.

5. City of Highland Park Billings and Collections

As of September 30, 2016, Highland Park had a delinquent balance of over $31.9 million, including over $26.54 million for wastewater treatment services, approximately $1.47 million for industrial waste control services, and over $3.91 million for water supply services. Table 5 provides a summary of the billing and collection history for Highland Park from June 30, 2012 to September 30, 2016 is on the table below. **No payments were received during the month of September.**

Table 5 - City of Highland Park Billings and Collections

	Water	Sewer	IWC
June 30, 2012 Balance	$ -	$ 10,207,956	$ 852,987
FY 2013 Billings	485,887	4,987,635	154,444
FY 2013 Payments	(65,652)	(2,206,211)	-
June 30, 2013 Balance	$ 420,235	$ 12,989,380	$ 1,007,431
FY 2014 Billings	1,004,357	6,980,442	161,951
FY 2014 Payments	-	(1,612,633)	-
June 30, 2014 Balance	$ 1,424,592	$ 18,357,189	$ 1,169,382
FY 2015 Billings	1,008,032	5,553,123	165,739
FY 2015 Payments	-	(1,444,623)	-
June 30, 2015 Balance	$ 2,432,625	$ 22,465,689	$ 1,335,120
FY 2016 Billings	1,157,178	5,612,167	106,431
FY 2016 Payments	-	(2,022,335)	-
June 30, 2016 Balance	$ 3,589,803	$ 26,055,521	$ 1,441,551
FY 2017 Billings (3 Months)	324,171	1,437,900	25,714
FY 2017 Payments (3 Months)	-	(951,685)	-
Balance as of September 30, 2016	**$ 3,913,974**	**$ 26,541,736**	**$ 1,467,265**

6. City of Flint Billings and Collections

On July 11, 2016, the City of Flint signed a Letter of Agreement with GLWA to extend water services until June 30, 2017. Per this agreement, two transfers are to be deposited into a prepayment fund. The first transfer of $5.9 million, net of a carryover prepayment of $501,964.92, was received on July 13, 2016. The next scheduled deposit of $3.9 million was received on October 11, 2016 and will be reflected in the November 2016 report. The final payment of $2,465,000 is scheduled to be received on January 11, 2017 per the October 12, 2016 Letter Agreement for Modification of Water Service Contract Pre-Payment Terms.

Table 6 shows the balance of the prepayment fund through September 30, 2016.

Table 6 - City of Flint Billings and Collections

Invoice Month	Usage	Commodity Charge	Fixed Charge	Total Invoice	Prepayment Fund Balance	
					$10,000,000.00	
November	26,875.0 *	$8.93	$341,729.00	$581,722.75	$9,418,277.25	
December	47,576.9	$8.93	$662,100.00	$1,086,961.72	$8,331,315.53	
January	48,067.4	$8.93	$662,100.00	$1,091,341.88	$7,239,973.65	
February	52,606.4	$8.93	$662,100.00	$1,131,875.15	$6,108,098.50	
March	51,787.4	$8.93	$662,100.00	$1,124,561.84	$4,983,536.66	
April	51,490.5	$8.93	$662,100.00	$1,121,910.52	$3,861,626.14	
May	48,496.8	$8.93	$662,100.00	$1,095,176.07	$2,766,450.07	
June	51,410.7	$8.93	$662,100.00	$1,121,197.82	$1,645,252.25	
July	53,884.4	$8.93	$662,100.00	$1,143,287.33	$6,401,964.92	(1)
August	56,368.7	$8.93	$662,100.00	$1,165,472.22	$5,236,492.70	
September	57,283.3	$8.93	$662,100.00	$1,173,640.05	$4,062,852.65	
Total				$11,837,147.35		

(1) Includes July 13, 2016 deposit to Prepayment Fund of $5,900,000 and carryover amount from initial 2015 deposit of $501,964.92

7. Water & Sewer System Wholesale Accounts Receivable Aging Report

Table 7 is a summary of the total, current and non-current receivables by category as of September 30, 2016. **Table 8** is the same summary without the past due balances for the City of Highland Park. The detailed accounts receivable aging is attached to this report. This report reflects the wholesale receivables only and do not include DWSD. (Note: percentages vary from 100% due to rounding.)

Table 7 - Wholesale Accounts Receivable Aging Report

	Total	Current	46-74 Days	75-104 Days	>105 Days
Water	$ 43,953,483.70	$ 40,264,171.60	$ 99,508.69	$ 96,221.65	$ 3,493,581.76
Sewer	$ 46,107,173.10	$ 20,028,637.20	$ 506,600.00	$ 468,100.00	$ 25,103,835.90
IWC	$ 2,410,874.60	$ 865,568.15	$ 95,026.76	$ 17,146.25	$ 1,433,133.44
Pollutant Surcharge	$ 799,655.53	$ 534,775.48	$ 7,671.19	$ 70,208.81	$ 187,000.05
Total	$ 93,271,186.93	$ 61,693,152.43	$ 708,806.64	$ 651,676.71	$ 30,217,551.15
	100.0%	66.1%	0.8%	0.7%	32.4%

Table 8 - Wholesale Accounts Receivable Aging Report, net of Highland Park

	Total	Current	46-74 Days	75-104 Days	>105 Days
Water	$ 40,039,509.70	$ 40,039,509.35	$ 0.35	$ -	$ -
Sewer	$ 19,565,437.20	$ 19,543,737.20	$ 21,700.00	$ -	$ -
IWC	$ 943,609.46	$ 856,920.05	$ 86,378.66	$ 310.75	$ -
Pollutant Surcharge	$ 799,655.53	$ 534,775.48	$ 7,671.19	$ 70,208.81	$ 187,000.05
Total	$ 61,348,211.89	$ 60,974,942.08	$ 115,750.20	$ 70,519.56	$ 187,000.05
	100.0%	99.4%	0.2%	0.1%	0.3%

GLWA Aged Accounts Receivable- Water Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
ALLEN PARK	$447,320.52	$447,320.52	$0.00	$0.00	$0.00
ASH TOWNSHIP	$65,798.10	$65,798.10	$0.00	$0.00	$0.00
BELLEVILLE	$25,648.88	$25,648.88	$0.00	$0.00	$0.00
BERLIN TOWNSHIP	$65,633.28	$65,633.28	$0.00	$0.00	$0.00
BROWNSTOWN TOWNSHIP	$333,230.54	$333,230.54	$0.00	$0.00	$0.00
BRUCE TOWNSHIP	$10,386.39	$10,386.39	$0.00	$0.00	$0.00
BURTCHVILLE TOWNSHIP	$25,473.44	$25,473.44	$0.00	$0.00	$0.00
CANTON TOWNSHIP	$1,422,537.19	$1,422,537.19	$0.00	$0.00	$0.00
CENTER LINE	$75,810.30	$75,810.30	$0.00	$0.00	$0.00
CHESTERFIELD TOWNSHIP	$354,643.51	$354,643.51	$0.00	$0.00	$0.00
CLINTON TOWNSHIP	$758,126.44	$758,126.44	$0.00	$0.00	$0.00
COMMERCE TOWNSHIP	$570,598.81	$570,598.81	$0.00	$0.00	$0.00
DEARBORN	$1,549,522.61	$1,549,522.61	$0.00	$0.00	$0.00
DEARBORN HEIGHTS	$682,251.37	$682,251.37	$0.00	$0.00	$0.00
EASTPOINTE	$134,644.46	$134,644.46	$0.00	$0.00	$0.00
ECORSE	$115,316.50	$115,316.50	$0.00	$0.00	$0.00
FARMINGTON	$93,009.46	$93,009.46	$0.00	$0.00	$0.00
FARMINGTON HILLS	$926,241.68	$926,241.68	$0.00	$0.00	$0.00
FERNDALE	$86,355.89	$86,355.89	$0.00	$0.00	$0.00
FLAT ROCK	$108,234.63	$108,234.63	$0.00	$0.00	$0.00
FLINT	$(4,062,852.65)	$(4,062,852.65)	$0.00	$0.00	$0.00
FRASER	$118,947.14	$118,947.14	$0.00	$0.00	$0.00
GARDEN CITY	$142,277.62	$142,277.62	$0.00	$0.00	$0.00

GLWA Aged Accounts Receivable- Water Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
GENESEE COUNTY DRAIN COMM	$1,709,922.77	$1,709,922.77	$0.00	$0.00	$0.00
GIBRALTAR	$41,441.54	$41,441.54	$0.00	$0.00	$0.00
GREENWOOD TOWNSHIP	$68,134.19	$68,134.19	$0.00	$0.00	$0.00
GROSSE ILE TOWNSHIP	$112,622.61	$112,622.61	$0.00	$0.00	$0.00
GROSSE POINTE PARK	$298,112.23	$298,112.23	$0.00	$0.00	$0.00
GROSSE POINTE SHORES	$74,548.53	$74,548.53	$0.00	$0.00	$0.00
GROSSE POINTE WOODS	$117,833.48	$117,833.48	$0.00	$0.00	$0.00
HAMTRAMCK	$57,625.33	$57,625.33	$0.00	$0.00	$0.00
HARPER WOODS	$159,306.72	$159,306.72	$0.00	$0.00	$0.00
HARRISON TWP	$136,572.75	$136,572.75	$0.00	$0.00	$0.00
HAZEL PARK	$56,816.76	$56,816.76	$0.00	$0.00	$0.00
HIGHLAND PARK	$3,913,974.00	$224,662.25	$99,508.34	$96,221.65	$3,493,581.76
HURON TOWNSHIP	$134,047.46	$134,047.46	$0.00	$0.00	$0.00
IMLAY CITY	$118,874.86	$118,874.86	$0.00	$0.00	$0.00
IMLAY TOWNSHIP	$303.97	$303.97	$0.00	$0.00	$0.00
INKSTER	$145,697.44	$145,697.44	$0.00	$0.00	$0.00
KEEGO HARBOR	$27,736.66	$27,736.66	$0.00	$0.00	$0.00
LAPEER	$123,851.39	$123,851.39	$0.00	$0.00	$0.00
LENOX TOWNSHIP	$22,268.76	$22,268.76	$0.00	$0.00	$0.00
LINCOLN PARK	$194,986.64	$194,986.64	$0.00	$0.00	$0.00
LIVONIA	$1,392,500.93	$1,392,500.93	$0.00	$0.00	$0.00
MACOMB TWP	$1,151,737.73	$1,151,737.73	$0.00	$0.00	$0.00

GLWA Aged Accounts Receivable- Water Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
MADISON HEIGHTS	$173,484.92	$173,484.92	$0.00	$0.00	$0.00
MAYFIELD TOWNSHIP	$10,991.91	$10,991.91	$0.00	$0.00	$0.00
MELVINDALE	$113,943.53	$113,943.53	$0.00	$0.00	$0.00
NEW HAVEN	$67,206.18	$67,206.18	$0.00	$0.00	$0.00
NOCWA	$2,316,388.28	$2,316,388.28	$0.00	$0.00	$0.00
NORTHVILLE	$75,149.39	$75,149.39	$0.00	$0.00	$0.00
NORTHVILLE TOWNSHIP	$1,541,990.83	$1,541,990.83	$0.00	$0.00	$0.00
NOVI	$1,980,676.70	$1,980,676.70	$0.00	$0.00	$0.00
OAK PARK	$111,773.84	$111,773.84	$0.00	$0.00	$0.00
OAKLAND CO DR COM	$11,165.01	$11,165.01	$0.00	$0.00	$0.00
PLYMOUTH	$98,502.14	$98,502.14	$0.00	$0.00	$0.00
PLYMOUTH TOWNSHIP	$917,471.37	$917,471.37	$0.00	$0.00	$0.00
REDFORD TOWNSHIP	$631,959.25	$631,959.25	$0.00	$0.00	$0.00
RIVER ROUGE	$55,437.17	$55,437.17	$0.00	$0.00	$0.00
RIVERVIEW	$74,570.91	$74,570.91	$0.00	$0.00	$0.00
ROCKWOOD	$25,874.24	$25,874.24	$0.00	$0.00	$0.00
ROMEO	$27,352.05	$27,352.05	$0.00	$0.00	$0.00
ROMULUS	$344,668.87	$344,668.87	$0.00	$0.00	$0.00
ROSEVILLE	$443,398.70	$443,398.70	$0.00	$0.00	$0.00
ROYAL OAK TOWNSHIP	$20,060.17	$20,060.17	$0.00	$0.00	$0.00
SHELBY TOWNSHIP	$3,008,516.72	$3,008,516.72	$0.00	$0.00	$0.00
SOCWA	$4,657,924.06	$4,657,924.06	$0.00	$0.00	$0.00
SOUTH ROCKWOOD	$8,697.41	$8,697.41	$0.00	$0.00	$0.00

GLWA Aged Accounts Receivable- Water Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
SOUTHGATE	$193,042.30	$193,042.30	$0.00	$0.00	$0.00
ST. CLAIR SHORES	$503,141.02	$503,141.02	$0.00	$0.00	$0.00
STERLING HEIGHTS	$1,580,769.14	$1,580,769.14	$0.00	$0.00	$0.00
SUMPTER TOWNSHIP	$56,792.86	$56,792.86	$0.00	$0.00	$0.00
SYLVAN LAKE	$21,987.93	$21,987.93	$0.00	$0.00	$0.00
TAYLOR	$881,348.15	$881,348.15	$0.00	$0.00	$0.00
TRENTON	$189,159.92	$189,159.92	$0.00	$0.00	$0.00
TROY (SEOC)	$1,511,911.62	$1,511,911.62	$0.00	$0.00	$0.00
UTICA	$60,401.97	$60,401.97	$0.00	$0.00	$0.00
VAN BUREN TOWNSHIP	$519,818.92	$519,818.57	$0.35	$0.00	$0.00
VILLAGE OF ALMONT	$18,671.63	$18,671.63	$0.00	$0.00	$0.00
WALLED LAKE	$171,965.63	$171,965.63	$0.00	$0.00	$0.00
WARREN	$825,659.56	$825,659.56	$0.00	$0.00	$0.00
WASHINGTON TOWNSHIP	$364,124.02	$364,124.02	$0.00	$0.00	$0.00
WAYNE	$225,801.92	$225,801.92	$0.00	$0.00	$0.00
WEST BLOOMFIELD TWP (C-O)	$2,222,104.61	$2,222,104.61	$0.00	$0.00	$0.00
WESTLAND	$1,133,238.22	$1,133,238.22	$0.00	$0.00	$0.00
WIXOM	$264,938.78	$264,938.78	$0.00	$0.00	$0.00
WOODHAVEN	$289,248.92	$289,248.92	$0.00	$0.00	$0.00
YCUA	$2,094,080.07	$2,094,080.07	$0.00	$0.00	$0.00
TOTAL Water Accounts	**$43,953,483.70**	**$40,264,171.60**	**$99,508.69**	**$96,221.65**	**$3,493,581.76**

GLWA Aged Accounts Receivable- Sewer Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
ALLEN PARK	$56,000.00	$56,000.00	$0.00	$0.00	$0.00
CENTER LINE	$44,537.20	$44,537.20	$0.00	$0.00	$0.00
DEARBORN	$0.00	$0.00	$0.00	$0.00	$0.00
EVERGREEN-FARMINGTON	$2,681,600.00	$2,681,600.00	$0.00	$0.00	$0.00
FARMINGTON	$0.00	$0.00	$0.00	$0.00	$0.00
GROSSE POINTE	$0.00	$0.00	$0.00	$0.00	$0.00
GROSSE POINTE FARMS	$222,300.00	$222,300.00	$0.00	$0.00	$0.00
GROSSE POINTE PARK	$135,500.00	$135,500.00	$0.00	$0.00	$0.00
HAMTRAMCK	$0.00	$0.00	$0.00	$0.00	$0.00
HARPER WOODS	$20,000.00	$20,000.00	$0.00	$0.00	$0.00
HIGHLAND PARK	$26,541,735.90	$484,900.00	$484,900.00	$468,100.00	$25,103,835.90
MELVINDALE	$115,100.00	$115,100.00	$0.00	$0.00	$0.00
OAKLAND COUNTY GWK DD	$3,806,900.00	$3,806,900.00	$0.00	$0.00	$0.00
OMID	$5,802,300.00	$5,802,300.00	$0.00	$0.00	$0.00
REDFORD TOWNSHIP	$43,400.00	$21,700.00	$21,700.00	$0.00	$0.00
ROUGE VALLEY	$4,623,900.00	$4,623,900.00	$0.00	$0.00	$0.00
WAYNE COUNTY N.E.	$2,010,000.00	$2,010,000.00	$0.00	$0.00	$0.00
WAYNE COUNTY-AREA #3	$3,900.00	$3,900.00	$0.00	$0.00	$0.00
TOTAL Sewer Accounts	**$46,107,173.10**	**$20,028,637.20**	**$506,600.00**	**$468,100.00**	**$25,103,835.90**

GLWA Aged Accounts Receivable- IWC Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
ALLEN PARK	$5,124.86	$2,562.43	$2,562.43	$0.00	$0.00
AUBURN HILLS (C-O)	$29,356.78	$29,356.78	$0.00	$0.00	$0.00
AUBURN HILLS (E-F)	$567.95	$567.95	$0.00	$0.00	$0.00
BERKLEY	$4,609.21	$4,609.21	$0.00	$0.00	$0.00
BEVERLY HILLS	$1,587.92	$1,587.92	$0.00	$0.00	$0.00
BINGHAM FARMS	$1,695.07	$1,695.07	$0.00	$0.00	$0.00
BIRMINGHAM (E-F)	$5,806.13	$5,806.13	$0.00	$0.00	$0.00
BIRMINGHAM (SEOC)	$6,427.63	$6,427.63	$0.00	$0.00	$0.00
BLOOMFIELD HILLS	$2,401.37	$2,401.37	$0.00	$0.00	$0.00
BLOOMFIELD TOWNSHIP	$10,866.44	$10,866.44	$0.00	$0.00	$0.00
CANTON TOWNSHIP	$29,841.88	$29,841.88	$0.00	$0.00	$0.00
CENTER LINE	$5,854.18	$5,854.18	$0.00	$0.00	$0.00
CHESTERFIELD TOWNSHIP	$18,599.74	$18,599.74	$0.00	$0.00	$0.00
CITY OF FARMINGTON (E-F)	$443.60	$443.60	$0.00	$0.00	$0.00
CITY OF ROCHESTER	$5,919.69	$5,919.69	$0.00	$0.00	$0.00
CLARKSTON	$488.89	$488.89	$0.00	$0.00	$0.00
CLAWSON	$4,391.13	$4,391.13	$0.00	$0.00	$0.00
CLINTON TOWNSHIP	$79,071.40	$39,568.20	$39,503.20	$0.00	$0.00
DEARBORN	$58,056.56	$58,056.56	$0.00	$0.00	$0.00
DEARBORN HEIGHTS	$15,142.22	$15,142.22	$0.00	$0.00	$0.00
DETROIT METRO WC AIRPORT	$339.00	$169.50	$169.50	$0.00	$0.00
EASTPOINTE	$10,200.49	$10,200.49	$0.00	$0.00	$0.00
FARMINGTON	$5,243.05	$5,243.05	$0.00	$0.00	$0.00

GLWA Aged Accounts Receivable- IWC Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
FARMINGTON HILLS	$37,445.76	$37,445.76	$0.00	$0.00	$0.00
FERNDALE	$377.37	$377.37	$0.00	$0.00	$0.00
FRASER	$7,883.66	$7,883.66	$0.00	$0.00	$0.00
GARDEN CITY	$0.00	$0.00	$0.00	$0.00	$0.00
GROSSE POINTE	$2,511.98	$2,511.98	$0.00	$0.00	$0.00
GROSSE POINTE FARMS	$4,769.14	$4,769.14	$0.00	$0.00	$0.00
GROSSE POINTE PARK	$1,879.15	$1,879.15	$0.00	$0.00	$0.00
GROSSE POINTE SHORES	$0.00	$0.00	$0.00	$0.00	$0.00
GROSSE POINTE WOODS	$5,057.64	$5,057.64	$0.00	$0.00	$0.00
HAMTRAMCK	$7,069.93	$7,069.93	$0.00	$0.00	$0.00
HARPER WOODS	$3,144.45	$3,144.45	$0.00	$0.00	$0.00
HARRISON TWP	$4,987.38	$4,987.38	$0.00	$0.00	$0.00
HAZEL PARK	$5,046.11	$5,046.11	$0.00	$0.00	$0.00
HIGHLAND PARK	$1,467,265.14	$8,648.10	$8,648.10	$16,835.50	$1,433,133.44
HUNTINGTON WOODS	$454.88	$454.88	$0.00	$0.00	$0.00
INDEPENDENCE	$7,326.27	$7,326.27	$0.00	$0.00	$0.00
INKSTER	$0.00	$0.00	$0.00	$0.00	$0.00
KEEGO HARBOR	$1,090.57	$1,090.57	$0.00	$0.00	$0.00
LAKE ORION	$1,296.85	$1,296.85	$0.00	$0.00	$0.00
LATHRUP	$2,235.33	$2,235.33	$0.00	$0.00	$0.00
LENOX TOWNSHIP	$282.50	$282.50	$0.00	$0.00	$0.00
LIVONIA	$63,459.36	$63,459.36	$0.00	$0.00	$0.00

GLWA Aged Accounts Receivable- IWC Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
MACOMB TWP	$327.83	$327.83	$0.00	$0.00	$0.00
MADISON HEIGHTS	$28,432.10	$28,432.10	$0.00	$0.00	$0.00
MELVINDALE	$5,890.80	$5,890.80	$0.00	$0.00	$0.00
NEW HAVEN	$1,271.72	$635.86	$635.86	$0.00	$0.00
NORTHVILLE	$2,553.37	$2,553.37	$0.00	$0.00	$0.00
NORTHVILLE TOWNSHIP	$7,252.25	$7,252.25	$0.00	$0.00	$0.00
NOVI	$26,867.28	$26,867.28	$0.00	$0.00	$0.00
OAK PARK	$10,095.28	$10,095.28	$0.00	$0.00	$0.00
OAKLAND TOWNSHIP	$723.25	$723.25	$0.00	$0.00	$0.00
ORCHARD LAKE VILLAGE	$644.16	$644.16	$0.00	$0.00	$0.00
ORION TOWNSHIP (C-O)	$8,749.84	$8,749.84	$0.00	$0.00	$0.00
OXFORD TOWNSHIP	$1,576.50	$1,576.50	$0.00	$0.00	$0.00
OXFORD VILLAGE	$2,000.70	$2,000.70	$0.00	$0.00	$0.00
PLEASANT RIDGE	$429.48	$429.48	$0.00	$0.00	$0.00
PLYMOUTH	$0.00	$0.00	$0.00	$0.00	$0.00
PLYMOUTH TOWNSHIP	$20,058.75	$20,058.75	$0.00	$0.00	$0.00
REDFORD TOWNSHIP	$39,685.55	$19,772.65	$19,602.15	$310.75	$0.00
ROCHESTER HILLS	$28,012.77	$28,012.77	$0.00	$0.00	$0.00
ROMULUS	$1,471.85	$1,471.85	$0.00	$0.00	$0.00
ROSEVILLE	$22,844.25	$22,844.25	$0.00	$0.00	$0.00
ROYAL OAK	$185.33	$185.33	$0.00	$0.00	$0.00
ROYAL OAK TOWNSHIP	$1,539.78	$1,539.78	$0.00	$0.00	$0.00
SHELBY TOWNSHIP	$18,060.82	$18,060.82	$0.00	$0.00	$0.00

GLWA Aged Accounts Receivable- IWC Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
SOUTHFIELD (E-F)	$44,370.89	$44,370.89	$0.00	$0.00	$0.00
SOUTHFIELD (SEOC)	$5,523.55	$5,523.55	$0.00	$0.00	$0.00
ST. CLAIR SHORES	$19,219.21	$19,219.21	$0.00	$0.00	$0.00
STERLING HEIGHTS	$46,744.04	$23,372.02	$23,372.02	$0.00	$0.00
TROY (E-F)	$610.31	$610.31	$0.00	$0.00	$0.00
TROY (SEOC)	$57,147.75	$57,147.75	$0.00	$0.00	$0.00
UTICA	$3,319.79	$3,319.79	$0.00	$0.00	$0.00
VAN BUREN TOWNSHIP	$1,081.63	$548.13	$533.50	$0.00	$0.00
VILLAGE OF FRANKLIN	$104.53	$104.53	$0.00	$0.00	$0.00
WASHINGTON TOWNSHIP	$2,239.98	$2,239.98	$0.00	$0.00	$0.00
WATERFORD TOWNSHIP	$19,387.32	$19,387.32	$0.00	$0.00	$0.00
WAYNE	$7,975.55	$7,975.55	$0.00	$0.00	$0.00
WEST BLOOMFIELD TWP (C-O)	$1,486.13	$1,486.13	$0.00	$0.00	$0.00
WEST BLOOMFIELD TWP (E-F)	$9,877.47	$9,877.47	$0.00	$0.00	$0.00
WESTLAND	$37,494.13	$37,494.13	$0.00	$0.00	$0.00
TOTAL IWC Accounts	**$2,410,874.60**	**$865,568.15**	**$95,026.76**	**$17,146.25**	**$1,433,133.44**

GLWA Aged Accounts Receivable- Pollutant Surcharge Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
A & R PACKING	$5,093.14	$5,093.14	$0.00	$0.00	$0.00
AACTRON	$2,022.07	$933.92	$0.00	$1,088.15	$0.00
ACME RUSTPROOF	$62.93	$62.93	$0.00	$0.00	$0.00
ADVANCE ENGINEERING COMPANY	$(574.43)	$0.00	$0.00	$0.00	$(574.43)
ADVANCE RESOURCE RECOVERY	$773.70	$773.70	$0.00	$0.00	$0.00
AEVITAS SPECIALITY SERVICES	$26,003.68	$14,008.53	$5,617.41	$5,031.32	$1,346.42
ALEXANDER & HORNUNG	$4,004.54	$0.00	$0.00	$4,004.54	$0.00
ALEXANDER & HORNUNG	$16,922.95	$0.00	$0.00	$16,922.95	$0.00
ALEXANDER & HORNUNG	$720.48	$0.00	$0.00	$720.48	$0.00
ALGAL SCIENTIFIC CORPORATION	$472.20	$472.20	$0.00	$0.00	$0.00
ALL CHEM CORP	$27.16	$0.00	$0.00	$0.00	$27.16
ALLWASTE CONTAINER SERVICE	$1,259.16	$1,259.16	$0.00	$0.00	$0.00
AMERICAN WASTE TECH INC.	$1,393.97	$0.00	$0.00	$0.00	$1,393.97
BARON INDUSTRIES	$149.17	$149.17	$0.00	$0.00	$0.00
BAYS MICHIGAN CORPORATION	$728.66	$728.66	$0.00	$0.00	$0.00
BEIRUT BAKERY, INC.	$187.69	$59.55	$0.00	$53.13	$75.01
BETTER MADE SNACK FOOD	$13,517.22	$13,517.22	$0.00	$0.00	$0.00
BOZEK'S MARKET	$130.81	$130.81	$0.00	$0.00	$0.00
BROADWAY MKT CORNED BEEF	$71.09	$71.09	$0.00	$0.00	$0.00
CAPITAL REPRODUCTIONS	$4.60	$2.20	$0.00	$2.40	$0.00
CF BURGER CREAMERY	$17,509.34	$17,509.34	$0.00	$0.00	$0.00
CHILANGO'S BAKERY	$1,885.87	$0.00	$0.00	$0.00	$1,885.87
CINTAS CORPORATION	$38,983.80	$38,983.80	$0.00	$0.00	$0.00

GLWA Aged Accounts Receivable- Pollutant Surcharge Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
CINTAS CORPORATION	$10,620.03	$10,620.03	$0.00	$0.00	$0.00
CITY LAUNDRY, INC.	$69.39	$21.85	$10.88	$10.02	$26.64
COTSCO WHOLESALE STORE	$8,447.25	$8,447.25	$0.00	$0.00	$0.00
COTSCO WHOLESALE STORE	$6,159.46	$6,159.46	$0.00	$0.00	$0.00
COTSCO WHOLESALE STORE	$398.94	$398.94	$0.00	$0.00	$0.00
COUNTRY FRESH DAIRY CO.	$16,158.28	$16,158.28	$0.00	$0.00	$0.00
CROSS CHEMICAL COMPANY, INC.	$1,161.18	$1,161.18	$0.00	$0.00	$0.00
DA STUART COMPANY	$1,213.65	$1,213.65	$0.00	$0.00	$0.00
DA STUART COMPANY	$1,342.60	$1,342.60	$0.00	$0.00	$0.00
DA STUART COMPANY	$1,934.25	$1,934.25	$0.00	$0.00	$0.00
DARLING & CO.	$16,051.77	$16,051.77	$0.00	$0.00	$0.00
DETROIT COCO-COLA BOTT	$2,754.85	$2,754.85	$0.00	$0.00	$0.00
DETROIT SAUSAGES CO INC	$17.07	$17.07	$0.00	$0.00	$0.00
DIFCO LABORATORIES	$16,666.89	$16,666.89	$0.00	$0.00	$0.00
DIVERSIFIED CHEM TECH. INC.	$175.32	$175.32	$0.00	$0.00	$0.00
DOMESTIC LINEN SUPPLY	$993.92	$993.92	$0.00	$0.00	$0.00
DOMESTIC LINEN SUPPLY	$1,499.26	$1,499.26	$0.00	$0.00	$0.00
E.W. GROBBEL'S SONS, INC.	$2,465.51	$2,465.51	$0.00	$0.00	$0.00
EAGLE OTTAWA ROCHESTER HILLS	$5,664.56	$5,664.56	$0.00	$0.00	$0.00
ENVIROSOLIDS, L.L.C.	$36,783.48	$0.00	$0.00	$36,783.48	$0.00
EQ DETROIT, INC.	$1,403.71	$1,403.71	$0.00	$0.00	$0.00
EQ DETROIT, INC.	$10,356.72	$10,356.72	$0.00	$0.00	$0.00

GLWA Aged Accounts Receivable- Pollutant Surcharge Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
EQ DETROIT, INC.	$(3,838.39)	$(3,838.39)	$0.00	$0.00	$0.00
EQ DETROIT, INC.	$1.39	$1.39	$0.00	$0.00	$0.00
EQ DETROIT, INC.	$1,365.38	$1,365.38	$0.00	$0.00	$0.00
EXTRUDEHODE	$3,433.62	$3,433.62	$0.00	$0.00	$0.00
FAYGO BEVERAGES, INC.	$23,084.42	$23,084.42	$0.00	$0.00	$0.00
FITZGERALD PLATING	$71.71	$68.42	$3.29	$0.00	$0.00
FORD NEW MODEL PROGRAM	$499.83	$499.83	$0.00	$0.00	$0.00
FRESH-PAK	$7,085.17	$7,085.17	$0.00	$0.00	$0.00
FRESH-PAK	$660.22	$660.22	$0.00	$0.00	$0.00
GENERAL LINEN SUPPLY CO.	$7,089.58	$6,619.71	$469.87	$0.00	$0.00
GLOBAL TITANIUM, INC.	$1,065.86	$1,065.86	$0.00	$0.00	$0.00
GLOBAL TITANIUM, INC.	$238.77	$238.77	$0.00	$0.00	$0.00
HACIENDA MEXICAN FOODS	$4,837.92	$1,400.48	$1,021.45	$1,068.25	$1,347.74
HENKEL CORPORATION	$454.27	$273.45	$0.00	$180.82	$0.00
HOOD CLEANERS	$53.22	$21.66	$10.52	$10.52	$10.52
ISLAMIC SLAUGHTERHOUSE	$2,590.27	$905.86	$442.22	$1,242.19	$0.00
ITALIAN BUTTER BREAD STICKS	$19.30	$19.30	$0.00	$0.00	$0.00
J & G FOOD PRODUCTS, INC.	$415.18	$415.18	$0.00	$0.00	$0.00
KAR NUT PRODUCTS	$5,624.04	$2,708.90	$0.00	$2,915.14	$0.00
KVF TROY CORPORATION	$(6,749.52)	$0.00	$0.00	$0.00	$(6,749.52)
LA JALISCIENSE, INC.	$139.42	$139.42	$0.00	$0.00	$0.00
LA MICHICOANA TORTILLA	$560.01	$560.01	$0.00	$0.00	$0.00
LA MICHOACANA FLOUR TORTILLA	$(7.76)	$(7.76)	$0.00	$0.00	$0.00

GLWA Aged Accounts Receivable- Pollutant Surcharge Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
MACDERMID WESTERN	$1,203.05	$1,203.05	$0.00	$0.00	$0.00
MCNICHOLS POLISHING & ANODIZ	$104.51	$44.01	$0.00	$32.03	$28.47
METROPOLITAN BAKERY	$448.78	$448.78	$0.00	$0.00	$0.00
MICHIGAN DAIRY	$120,449.53	$120,449.53	$0.00	$0.00	$0.00
MILANO BAKERY	$761.77	$761.77	$0.00	$0.00	$0.00
MILTON CHILI CO.	$36.35	$36.35	$0.00	$0.00	$0.00
MINNIE MARIE BAKERS, INC	$1,878.91	$1,878.91	$0.00	$0.00	$0.00
MISTER UNIFORM & MAT RENTALS	$103.87	$49.80	$25.01	$29.06	$0.00
NATIONAL CHILI COMPANY	$399.82	$399.82	$0.00	$0.00	$0.00
NATIONAL CHILI COMPANY	$103.18	$103.18	$0.00	$0.00	$0.00
NORTHERN LAKES SEAFOOD	$72.73	$72.73	$0.00	$0.00	$0.00
NUCOTE, INC.	$73.18	$73.18	$0.00	$0.00	$0.00
OAKWOOD BAKERY	$45.50	$45.50	$0.00	$0.00	$0.00
OLIVER HATCH CONSTRUCTION	$2,413.73	$2,413.73	$0.00	$0.00	$0.00
PELLERITO FOODS INC.	$361.04	$361.04	$0.00	$0.00	$0.00
PEPSI COLA, INC.	$41,623.04	$41,623.04	$0.00	$0.00	$0.00
PETRO ENVIRON TECH, INC.	$185,454.35	$0.00	$0.00	$0.00	$185,454.35
PLATING SPEC	$222.05	$107.72	$0.00	$114.33	$0.00
POWER VAC OF MICHIGAN, INC.	$70.24	$70.24	$0.00	$0.00	$0.00
RED SPOT PAINT #409139	$30.40	$30.40	$0.00	$0.00	$0.00
RTT	$2,727.85	$0.00	$0.00	$0.00	$2,727.85
SEAFARE FOODS, INC.	$167.26	$167.26	$0.00	$0.00	$0.00

GLWA Aged Accounts Receivable- Pollutant Surcharge Accounts

Balances as of 9/30/2016

Customer Name	Total Due	Current	46 - 74 Days	75 - 104 Days	>105 Days
SPRAYTEK, INC.	$(153.30)	$(153.30)	$0.00	$0.00	$0.00
SWEETHEART BAKERY, INC.	$196.89	$126.35	$70.54	$0.00	$0.00
TURRI'S ITALIAN FOODS	$18,150.49	$18,150.49	$0.00	$0.00	$0.00
U-METCO, INC.	$1,326.09	$1,326.09	$0.00	$0.00	$0.00
UNCLE RAYS SNACKS, LLC	$33,334.47	$33,334.47	$0.00	$0.00	$0.00
UNCLE RAYS SNACKS, LLC	$2,178.84	$2,178.84	$0.00	$0.00	$0.00
UNIQUE LINEN SERVICES, INC.	$337.57	$337.57	$0.00	$0.00	$0.00
UNITED FISH DISTRIBUTORS	$10.63	$10.63	$0.00	$0.00	$0.00
UNITED MEAT & DELI	$526.09	$526.09	$0.00	$0.00	$0.00
US ECOLOGY MICHIGAN	$8,203.00	$8,203.00	$0.00	$0.00	$0.00
USHER OIL SERVICES	$30,309.26	$30,309.26	$0.00	$0.00	$0.00
VERN DALE PRODUCTS, INC.	$(2,350.67)	$(2,350.67)	$0.00	$0.00	$0.00
VERNE DALE PRODUCTS	$14,546.66	$14,546.66	$0.00	$0.00	$0.00
VERNOR FOOD PRODUCTS	$31.18	$31.18	$0.00	$0.00	$0.00
WIGLEY'S MEAT PROCESS	$281.53	$281.53	$0.00	$0.00	$0.00
WINTER SAUSAGE	$1,154.56	$1,154.56	$0.00	$0.00	$0.00
WINTER SAUSAGE	$253.09	$253.09	$0.00	$0.00	$0.00
WOLVERINE PACKING CO	$6,853.37	$6,853.37	$0.00	$0.00	$0.00
WOLVERINE PACKING CO.	$3,332.84	$3,332.84	$0.00	$0.00	$0.00
TOTAL Pollutant Surcharge Accounts	**$799,655.53**	**$534,775.48**	**$7,671.19**	**$70,208.81**	**$187,000.05**

GLWA
Great Lakes Water Authority

Financial Services Group
Audit Committee Communication

Date: October 26, 2016

To: Great Lakes Water Authority Audit Committee

From: Deirdre Henry, Treasury Manager

Re: Cash Transfers to Detroit Water & Sewerage Department (DWSD)

Background: The attached documents summarizes the monthly cash transfers to DWSD and the transfers to the Budget Stabilization Fund for the period January 1, 2016 – October 1, 2016.

Proposed Action: Receive and File Report

Great Lakes Water Authority
Cash Transferred to DWSD
Through October 3, 2016

	Water				Sewer				Grand Total	Notes
FY 2016	Operations & Maintenance	Pension	Lease Payment (I&E Fund)	Total Water	Operations & Maintenance	Pension	Lease Payment (I&E Fund)	Total Sewer		
January 2016	$ 3,740,800	$ 2,486,700	$ 11,767,600	$ 17,995,100	$ 2,824,900	$ 1,669,300	$ 4,380,000	$ 8,874,200	$ 26,869,300	Lease and pension are for 7 months (Jul - Jan)
February 2016	3,740,800	355,200	1,681,100	5,777,100	2,824,900	238,500	625,700	3,689,100	9,466,200	Regular monthly transfer
February 2016	3,740,800			3,740,800	2,824,900			2,824,900	6,565,700	Extra one month of O&M per Lease 4.4(a)(ii)
March 2016	3,740,800	355,200	1,681,100	5,777,100	2,824,900	238,500	625,700	3,689,100	9,466,200	Regular monthly transfer
April 2016	3,740,800	355,200	1,681,100	5,777,100	2,824,900	238,500	625,700	3,689,100	9,466,200	Regular monthly transfer
May 2016	3,740,800	355,200	1,681,100	5,777,100	2,824,900	238,500	625,700	3,689,100	9,466,200	Regular monthly transfer
June 2016	3,740,800	355,200	1,681,100	5,777,100	2,824,900	238,500	625,700	3,689,100	9,466,200	Regular monthly transfer
Total FY 2016	***$ 26,185,600***	***$ 4,262,700***	***$ 20,173,100***	***$ 50,621,400***	***$ 19,774,300***	***$ 2,861,800***	***$ 7,508,500***	***$ 30,144,600***	***$ 80,766,000***	
FY 2017										
July 2016	$ 2,799,700	$ 355,200	$ 1,875,000	$ 5,029,900	$ 3,461,300	$ 238,500	$ 2,291,700	$ 5,991,500	$ 11,021,400	Regular monthly transfer
August 2016	2,799,700	355,200	1,875,000	5,029,900	3,461,300	238,500	2,291,700	5,991,500	11,021,400	Regular monthly transfer
September 2016	2,799,700	355,200	1,875,000	5,029,900	3,461,300	238,500	2,291,700	5,991,500	11,021,400	Regular monthly transfer
October 2016	2,799,700	355,200	1,875,000	5,029,900	3,461,300	238,500	2,291,700	5,991,500	11,021,400	Regular monthly transfer
Total FY 2017	***$ 11,198,800***	***$ 1,420,800***	***$ 7,500,000***	***$ 20,119,600***	***$ 13,845,200***	***$ 954,000***	***$ 9,166,800***	***$ 23,966,000***	***$ 44,085,600***	
Total Cumulative Transfers	***$ 37,384,400***	***$ 5,683,500***	***$ 27,673,100***	***$ 70,741,000***	***$ 33,619,500***	***$ 3,815,800***	***$ 16,675,300***	***$ 54,110,600***	***$ 124,851,600***	

Note: Per Section 3.5 of the Lease, the Lease Payment may be used for: (a) bond principal and interest for Local System Improvements, (b) bond principal and interest for the City's share of common-to-all System Improvements, and © Local System improvements paid from the lease payment deposited to the Improvement & Extension (I&E) Fund. The lease payment in FY 2016 is net of debt service allocation established by City during its rate setting for FY 2016.

Great Lakes Water Authority
Budget Stabilization Fund Transfer History
Through October 3, 2016

FY 2016	Water	Sewer	Total	Notes
January 2016	$ 1,357,400	$ 3,261,700	$ 4,619,100	7 months (Jul - Jan)
February 2016	193,900	466,000	659,900	Regular monthly transfer
March 2016	193,900	466,000	659,900	Regular monthly transfer
April 2016	193,900	466,000	659,900	Regular monthly transfer
May 2016	193,900	466,000	659,900	Regular monthly transfer
June 2016	193,900	466,000	659,900	Regular monthly transfer
Total FY 2016	***$ 2,326,900***	***$ 5,591,700***	***$ 7,918,600***	
FY 2017				
July 2016	$ 30,000	$ 221,200	$ 251,200	Regular monthly transfer
August 2016	30,000	221,200	251,200	Regular monthly transfer
September 2016	30,000	221,200	251,200	Regular monthly transfer
October 2016	30,000	221,200	251,200	Regular monthly transfer
Total FY 2017	***$ 120,000***	***$ 884,800***	***$ 1,004,800***	
Total Cumulative Transfers	***$ 2,446,900***	***$ 6,476,500***	***$ 8,923,400***	

In accordance with Section 3.2 of the lease, transfers to the Budget Stabilization Fund reflect those amounts necessary to establish a balance equivalent to twenty percent of the average annual bad debt expense for the City of Detroit retail customer class for the preceding two fiscal years. The Lease provides that the initial balance in this fund can be achieved over a three-year period. The projections are designed to fully fund the Budget Stabilization Fund (via rates and charges to the Detroit Retail class) by 2018, and to remain at that "fully funded" level thereafter. Actual future funding requirements will be determined by future levels of reported bad debt expense. To the extent that future bad debt expense increases, additional deposits to the Fund will be required. To the extent that future bad debt expense is reduced, the Budget Stabilization Fund balance may be reduced and funds may be utilized for other uses specific to the Detroit retail class.