



Audit Committee Meeting
Friday, May 22, 2026 at 8:00 a.m.
www.glwater.org

[Join Zoom Meeting](#)

Meeting ID: **858 1485 6752** Passcode: **925166**

US Toll-free: **877 853 5247** or **888 788 0099**

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
 - A. April 24, 2026 (Page 1)
5. PUBLIC PARTICIPATION
6. OLD BUSINESS
7. NEW BUSINESS
 - A. *Action Item:* Resolution Regarding Approval of Series (Page 6)
Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$12,963,500 (Ordinance 2026-05) for FY 2026 Clean Water State Revolving Fund Projects
 - B. *Action Item:* Resolution Regarding Approval of Series (Page 32)
Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$59,294,865 (Ordinance 2026-06) for FY 2026 Drinking Water State Revolving Fund Projects
 - C. *Action Item:* FY 2026 Fourth Quarter Budget Amendments (Page 64)
for May 2026 and Proposed Budget Amendment Resolution
 - D. *Discussion:* Ten Year Financial Projection Annual Post (Page 98)
Budget Adoption Update for the Current Fiscal Year 2026 and the Ten Years FY 2027 Through FY 2036
8. REPORTS
 - A. CFO Report (Page 130)
 - B. Monthly Financial Report for February 2026 (Page 133)
 - C. Grants, Gifts and Other Resources Report Through April 30, 2026 (Page 135)
 - D. Quarterly Investment Report (Unaudited) (Page 143)
 - E. Water Funding Task Force Update (Page 173)
 - F. Quarterly Economic Outlook Task Force Update (Page 175)
 - G. FY 2026 Bond Transaction Update (Page 186)
 - H. National Grants Management Association - Michigan Chapter (Page 187)
9. COMMUNICATIONS

Note: Binders 1 and 2 have been combined and PDF was renumbered

- A. The Procurement Pipeline May 2026 (Page 188)
- 10. LOOK AHEAD
 - A. Next Audit Committee Meeting: June 26, 2026 at 8:00 a.m.
- 11. OTHER MATTERS
- 12. ADJOURNMENT



Great Lakes Water Authority

735 Randolph Street
 Detroit, Michigan 48226
glwater.legistar.com

Meeting Minutes - Draft

Audit Committee

Friday, April 24, 2026

8:00 AM

Zoom Telephonic Meeting

Join Zoom Meeting:

<https://glwater.zoom.us/j/86346215057?pwd=bbLvgqbZGGm6NfihfueS5x3SLx7bUJ.1>

Join by Telephone

US Toll-Free:

877 853 5247; or 888 788 0099

Meeting ID: 863 4621 5057 Passcode: 053137

1. Call To Order

Chairperson Baker called the meeting to order at 8:00 a.m.

2. Quorum Call

Present: 3 - Chairperson Brian Baker, Director Gary Brown, and Director Jaye Quadrozzi

3. Approval of Agenda

Chairperson Baker requested a Motion to Approve the Agenda.

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Approved

The motion carried by a unanimous vote.

4. Approval of Minutes

A. [2026-152](#) Minutes of March 27, 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [4A Minutes - March 27, 2026 Audit Committee Meeting.pdf](#)

Chairperson Baker requested a Motion to Approve the March 27, 2026 Audit Committee Meeting Minutes.

Motion By: Jaye Quadrozzi

Support By: Gary Brown

Action: Approved

The motion carried by a unanimous vote.

5. Public Comment

There were no public comments.

6. Old Business

None

7. New Business

A. [2026-147](#)

Resolution for Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$107,562,667 (Ordinance 2026-04) for FY 2027 Clean Water State Revolving Fund Projects

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [7A1 AC Memo - Approval of Series Ordinance 2026-SRF-4-5 GLWA Hubbell Sthfld & WRRF Imp. \(CIP 273001 & 213006\).pdf](#)
[7A2a Attachment 1 - Table 1.pdf](#)
[7A2b Attachment 2 - Table 1.pdf](#)
[7A3 Series Ordinance 2026-SRF-4-5 GLWA Hubbell Sthfld & WRRF Imp. \(CIP 273001 & 213006\).docx](#)
[7A4 Resolution Approving 2026-SRF-4-5 GLWA Hubbell Sthfld & WRRF Imp. \(CIP 273001 & 213006\).docx](#)

Motion By: Jaye Quadrozzi

Support By: Gary Brown

Action: Recommended for Approval to the Board of Directors
Agenda of May 27, 2026

The motion carried by a unanimous vote.

8. Reports

A. [2026-153](#) CFO Report

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8A1 CFO Report April 2026.pdf](#)
[8A2 Water Affordability and Assistance Approps Letter April 2026.pdf](#)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Received and Filed

The motion carried by a unanimous vote.

B. [2026-154](#) Monthly Financial Report for January 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8B January 2026 Monthly Financial Report.pdf](#)

Motion By: Jaye Quadrozzi

Support By: Gary Brown

Action: Received and Filed

The motion carried by a unanimous vote.

C. [2026-155](#) Grants, Gifts and Other Resources Report Through March 31, 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8C1 Grants Gifts and Other Resources Report.pdf](#)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Received and Filed

The motion carried by a unanimous vote.

D. [2026-156](#) Semiannual Debt Report Through March 31, 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8D1 Semiannual Debt Report - Cover Memo.pdf](#)

[8D2 Semiannual Debt Report as of 3.31.2026.pdf](#)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Received and Filed

The motion carried by a unanimous vote.

- E. [2026-157](#) General Retirement System Financial Report and Annual Actuarial Valuation for Year Ended June 30, 2025

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8E1 GRS Component II Annual Pension Report.pdf](#)
[8E2 GRS Audit Communication Letter 6.30.25.pdf](#)
[8E3 GRS Audited Financial Report 6.30.2025.pdf](#)
[8E4 GRS Comp II GASB 67 & 68 Report 6.30.2025.pdf](#)
[8E5 GRS Valuation Component II - Legacy Pension 6.30.2025.pdf](#)

Motion By: Jaye Quadrozzi

Support By: Gary Brown

Action: Received and Filed

The motion carried by a unanimous vote.

- F. [2026-158](#) Water Funding Task Force Update as of April 20, 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8F Water Funding Task Force Update.pdf](#)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Received and Filed

The motion carried by a unanimous vote.

- G. [2026-159](#) FY 2027 Approved Budget and Charge Resolutions - DWSD Informational Data

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8G1 FY 2027 Approved Budget and Charges Update.pdf](#)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Received and Filed

The motion carried by a unanimous vote.

H. [2026-160](#) Member Partner Contract Status Report

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [8H1 Member Contract Status Update.pdf](#)
[8H2 Member Partner Contract Status Report-Water.pdf](#)
[8H3 Sewer Member Partner Contract Status Report.pdf](#)

Motion By: Gary Brown

Support By: Jaye Quadrozzi

Action: Received and Filed

The motion carried by a unanimous vote.

9. Communications**A.** [2026-161](#) The Procurement Pipeline for April 2026

Sponsors: Nicolette Bateson

Indexes: Finance

Attachments: [9A The April 2026 Procurement Pipeline.pdf](#)

No Action Taken

10. Look Ahead

A. Next Audit Committee Meeting: May 22, 2026 at 8:00 a.m.

11. Other Matters

There were no other matters.

12. Adjournment

Chairperson Baker requested a Motion to Adjourn.

Motion By: Jaye Quadrozzi

Support By: Gary Brown

Action: Approved

The motion carried by a unanimous vote.

There being no further business, the meeting was adjourned at 8:53 a.m.



Financial Services Audit Committee Communication

Date: May 22, 2026

To: Great Lakes Water Authority Audit Committee

From: Jacqueline Morgan, CTP, State Revolving Fund Program Finance Manager

Re: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$12,963,500 (Ordinance 2026-05) for FY 2026 Clean Water State Revolving Fund Projects

Background & Analysis: The following documents are attached:

1. Draft Great Lakes Water Authority (GLWA) Board letter
2. Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds for the Detroit Water and Sewerage Department (DWSD) Sewer Rehabilitation in the Neighborhoods of Hubbard Farms and North Corktown Project
3. Resolution to Approve the Series Ordinance

Proposed Action: The GLWA Audit Committee recommends that the Great Lakes Water Authority Board approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$12,963,500 as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

DRAFT for Audit Committee Review Only

..Title

Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$12,963,500 (Ordinance 2026-05) for FY 2026 Clean Water State Revolving Fund Projects

..Body

Agenda of: May28, 2026
Item No.: **2026-188**
Amount: Not to Exceed \$12,963,500

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: May 28, 2026

RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$12,963,500 (Ordinance 2026-05) for FY 2026 Clean Water State Revolving Fund Projects

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer (CFO) and Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$12,963,500 as presented**, and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

DRAFT for Audit Committee Review Only

BACKGROUND

The Detroit Water and Sewerage Department (DWSD) submits projects annually to the Michigan Department of Environment, Great Lakes, and Energy (EGLE) for low-interest funding consideration through the Clean Water State Revolving Fund (CWSRF). On April 23, 2025, the DWSD Board of Water Commissioners adopted a resolution approving the Sewer Rehabilitation in the Neighborhoods of Hubbard Farms and North Corktown (Sewer Rehabilitation) project plan following a public hearing on the same date. The project was awarded funding for EGLE's FY 2026 funding year with an anticipated loan closing date in August 2026. To issue debt, a resolution adopting the Series Ordinance (2026-05) is required by the GLWA Board.

There are two considerations related to this resolution: the project awarded funding and the subsequent financing. The award process is administered by EGLE, while financing is facilitated through the Michigan Finance Authority (MFA).

CWSRF Project and Award

In October 2025, EGLE confirmed funding for the DWSD Sewer Rehabilitation project on the FY 2026 Intended Use Plan (IUP). The award amount is based on estimated project cost submitted to EGLE in the final project plan. The project description, current estimated project costs, funding allocation, and total award are summarized below.

DWSD Sewer Rehabilitation in the Neighborhoods of Hubbard Farms and North Corktown – (Series 2026-SRF-6; SRF No. 6026-01): This project includes rehabilitation of aging and/or compromised selected sewer mains located in the neighborhoods of Hubbard Farms and North Corktown located in Council District 6. Construction will include the replacement of sewer mains, cured-in-place pipe (CIPP) rehabilitation, spot repairs, manhole lining, and manhole replacement.

This project was originally awarded \$23.9 million but was reduced by \$12.2 million for ineligible SRF costs. The revised eligible estimated project cost is \$11.8 million, and the anticipated funding allocation is shown below. See Attachment 1, Table 1 for additional details.

Original CWSRF Loan Amount:	\$19,634,900
Original Principal Forgiveness Awarded:	<u>4,310,100</u>
Original IUP Award Amount:	\$23,945,000
Adjustment for Ineligible SRF Project Costs:	<u>(12,160,000)</u>
Revised Eligible SRF Project Cost:	<u>\$11,785,000</u>

DRAFT for Audit Committee Review Only

Revised CWSRF Loan Amount:	\$ 9,663,700
Anticipated Principal Forgiveness:	<u>2,121,300</u>
Revised Total Award Amount:	<u>\$11,785,000</u>

Financing

The series 2026 SRF-6 Junior Lien Bonds will be sold through the MFA under the state of Michigan's CWSRF program. The amount to be financed is within GLWA's authorized bond limits. The bonds limits establish the maximum principal amount of debt GLWA is authorized to issue for the project (i.e., the not to exceed (NTE) amount). This bond will be supported by GLWA Board Resolution 2024-359, "Authorizing Publication of Notice of Intent (NOI) to Issue Sewage Disposal System Revenue Bonds" in the amount of not to exceed \$300,000,000, approved on November 21, 2024. This is the sixth series of sewer bonds from that NOI.

The calculation of this Series Ordinance not to exceed (NTE) amount includes a 10% loan financing contingency to accommodate potential fluctuations in the final award amount, which is standard GLWA practice. The NTE calculation is summarized below:

Estimated SRF Project Cost:	\$11,785,000
Loan Financing Contingency:	<u>1,178,500</u>
Series Ordinance NTE amount:	<u>\$12,963,500</u>

JUSTIFICATION

The approval of this Series Ordinance (2026-05) is the next formal step in the bond issuance process, establishing the guidelines for the CWSRF bonds. It designates the bonds as 2026 SRF-6 Junior Lien Bonds, authorizes the CEO and/or CFO/Treasurer to execute the final terms of the bonds, pay issuance costs, and sign the Purchase Contract and Sale Order. The Board must approve a resolution adopting this Series Ordinance and the proposed action authorizes the bonds to be issued.

GLWA secures capital improvement financing for DWSD in accordance with foundational documents related to the establishment of GLWA. Pursuant to Section 7.2(b) of the Regional Sewage Disposal System Lease between the City of Detroit and GLWA, the Authority shall cooperate with the City in the implementation of this Detroit capital improvement, including financing through the Authority. GLWA is the loan applicant on behalf of DWSD, and DWSD will be the CWSRF loan recipient. All project costs financed

DRAFT for Audit Committee Review Only

by GLWA through this program, and resulting principal and interest payments on the bonds, will be directly allocable to the DWSD local system.

A benefit of the SRF program is the low interest rates. Potential dollar savings are significant when compared to municipal bond interest rates in a market-based transaction. DWSD has been designated a significantly overburdened applicant. The current interest rate on a 20-year and 30-year loan for a significantly overburdened applicant is 1.00%. Compared to an estimated market-based rate of 4.50%, potential interest savings on an \$11.8 million, 30-year loan would be approximately \$8 million.

Another program advantage is that interest costs are only incurred on the amount drawn from the loan as project expenditures are incurred. This results in additional debt service savings early in the term of the loan compared to market-based transactions.

BUDGET IMPACT

GLWA will be the loan applicant on CWSRF loans issued on behalf of the DWSD, and DWSD will be the CWSRF loan recipient as determined by EGLE. All project costs financed by GLWA, on behalf of DWSD, through the program bonds and resulting principal and interest payments on the bonds, will be directly allocable to the DWSD local system. Debt service for the project is anticipated to begin in April 2027 and will be included as part of the FY 2027 – FY 2028 biennial budget.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on May 22, 2026. The Audit Committee [*insert action taken*] the Board of Directors approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount Not to Exceed \$12,963,500 as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD beyond the terms outlined above as well as reimbursement of financing costs incurred.

GREAT LAKES WATER AUTHORITY
ORDINANCE NO. 2026-05

**SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF
SEWAGE DISPOSAL SYSTEM REVENUE BONDS IN
AN AGGREGATE AMOUNT NOT TO EXCEED \$12,963,500**

WHEREAS, pursuant to Resolution No. 2015-10-03 adopted by the Board of Directors of the Great Lakes Water Authority (the “Authority”) on October 7, 2015, the Authority Board approved and adopted Master Bond Ordinance No. 2015-02 (as subsequently amended through the date hereof, the “Ordinance”), which authorizes the issuance by the Authority of Sewage Disposal System Revenue Bonds; and

WHEREAS, the Ordinance authorizes the issuance of such Sewage Disposal System Revenue Bonds in one or more Series pursuant to a Series Ordinance authorizing the issuance and sale of such Series; and

WHEREAS, the Authority Board has determined that it is necessary to authorize at this time two or more Series of SRF Junior Lien Bonds (the “2026 SRF-6 Junior Lien Bonds”) to provide moneys to pay all or part of the costs of the hereinafter described repairs, extensions, enlargements and improvements to the Local Sewer System identified in the Detroit Capital Improvement Program (the “2026 SRF-6 Project”).

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GREAT LAKES WATER AUTHORITY AS FOLLOWS:

Section 1. Authority for this Series Ordinance. This Series Ordinance (the “2026 SRF-6 Series Ordinance”) is adopted pursuant to Section 1102(1) of the Ordinance.

Section 2. Definitions. Except as otherwise provided in this 2026 SRF-6 Series Ordinance, all terms which are defined in Section 101 of the Ordinance shall have the same meanings, respectively, in this 2026 SRF-6 Series Ordinance as such terms are given in the Ordinance. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

(a) “2026 SRF-6 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2026 SRF-6 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2026 SRF-6 Project.

(b) “2026 SRF-6 Project” means improvements to the Local Sewer System, including but not limited to improvements to the rehabilitation of select aging and/or compromised sewer mains located in the neighborhoods of Hubbard Farms and North Corktown located in Council District 6, and shall include without limitation the replacement of sewer mains, cured-in-place pipe rehabilitation, spot repairs, manhole lining, manhole replacement, as well all work and appurtenances within the existing road right-of-way and easements that is necessary or incidental to such improvements.

(c) “Authorized Denomination” means any denomination as determined by an Authorized Officer in the Sale Order.

(d) “Authorized Officer” means either the Chief Executive Officer or the Chief Financial Officer.

(e) “Interest Payment Date” means except as otherwise set forth in the Sale Order each April 1 and October 1.

(f) “Local Construction Fund, Series 2026 SRF-6” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2026 SRF-6 Series Ordinance relating to the construction of the 2026 SRF-6 Project to be paid with the proceeds of the 2026 SRF-6 Junior Lien Bonds.

(g) “Maturity Date” means such dates of maturity of the 2026 SRF-6 Junior Lien Bonds as determined in the Sale Order.

(h) “MFA” means the Michigan Finance Authority.

(i) “Person” means any natural person, association, corporation, trust, partnership, joint venture, joint-stock company, municipal corporation, public body or other entity, however organized.

(j) “Project Costs” means the costs of acquiring, constructing, equipping, installing and financing the 2026 SRF-6 Project, including Issuance Costs relating to the 2026 SRF-6 Junior Lien Bonds.

(k) “Purchase Contract” means the Purchase Contract between the MFA and the Authority with respect to the purchase by the MFA and the sale by the Authority of a Series of the 2026 SRF-6 Junior Lien Bonds.

(l) “Regular Record Date” means except as otherwise set forth in the Sale Order the fifteenth day of the calendar month immediately preceding an Interest Payment Date.

(m) “Sale Order” means any one or more Sale Orders of an Authorized Officer authorizing acts consistent with the Ordinance and this 2026 SRF-6 Series Ordinance necessary and appropriate to complete the sale, execution and delivery of the 2026 SRF-6 Junior Lien Bonds and to complete the other transactions contemplated herein.

(n) “Supplemental Agreement” means the Supplemental Agreement among the City, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, and approved and agreed to by the Authority, with respect to a Series of the 2026 SRF-6 Junior Lien Bonds.

(o) “Taxable 2026 SRF-6 Junior Lien Bonds” means any 2026 SRF-6 Junior Lien Bonds other than Tax-Exempt 2026 SRF-6 Junior Lien Bonds.

(p) “Tax-Exempt 2026 SRF-6 Junior Lien Bonds” means any 2026 SRF-6 Junior Lien Bonds that are Tax-Exempt Bonds.

Section 3. Approval of 2026 SRF-6 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Local Sewer System to acquire, construct and undertake the 2026 SRF-6 Project, and the 2026 SRF-6 Project is hereby approved and accepted.

Section 4. Estimated Cost and Period of Usefulness of 2026 SRF-6 Project. The aggregate Project Costs are estimated by the Authority Board to not exceed \$11,785,000, and the Project Costs are hereby approved and confirmed. The period of usefulness of the 2026 SRF-6 Project is estimated to be not less than 40 years.

Section 5. Authorization of 2026 SRF-6 Junior Lien Bonds.

(a) Authorization of Borrowing. The Authority may borrow an amount not in excess of \$12,963,500, as is finally determined in the Sale Order, and issue the 2026 SRF-6 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2026 SRF-6 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2026 SRF-6 Junior Lien Bonds authorized in this Section 5(b) shall include the amount of the net original issue premium, if any.

(b) Purpose of 2026 SRF-6 Junior Lien Bonds. The 2026 SRF-6 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Project Costs.

(c) Priority of Lien. The 2026 SRF-6 Junior Lien Bonds shall be issued as SRF-6 Junior Lien Bonds.

(d) Insufficient Proceeds. To the extent that proceeds of SRF-6 Junior Lien Bonds are insufficient to pay Project Costs, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Local Sewer System on hand and legally available therefor, as determined by the Board of Water Commissioners of DWSD-R and, in the case of any Additional Bonds, with the concurrence of the Authority Board.

(e) Taxable and Tax-Exempt 2026 SRF-6 Junior Lien Bonds. Each Series of the 2026 SRF-6 Junior Lien Bonds may be issued as Taxable 2026 SRF-6 Junior Lien Bonds or Tax-Exempt 2026 SRF-6 Junior Lien Bonds, or as separate subseries of both, as set forth in the applicable Sale Order.

(f) Source of Payment and Security. The 2026 SRF-6 Junior Lien Bonds shall be payable and secured as provided in Section 8.

(g) Applicability of Ordinance. Except as otherwise provided in this 2026 SRF-6 Series Ordinance or in the Sale Order, all of the provisions of the Ordinance shall apply to the 2026 SRF-6 Junior Lien Bonds as if set forth in full in this 2026 SRF-6 Series Ordinance, the purpose of this 2026 SRF-6 Series Ordinance being to supplement the Ordinance to authorize the issuance of 2026 SRF-6 Junior Lien Bonds for the purposes set forth herein.

Section 6. 2026 SRF-6 Junior Lien Bond Details.

(a) Designation.

- (1) The 2026 SRF-6 Junior Lien Bonds shall bear the designations Sewage Disposal System Revenue Bonds, Series 2026-SRF-6 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2026 SRF-6 Series Ordinance.
- (2) If the 2026 SRF-6 Junior Lien Bonds are not issued in 2026, an Authorized Officer is authorized in her discretion to re-designate the year and Series designation of such 2026 SRF-6 Junior Lien Bonds and the various funds and accounts established hereunder to correspond with the year of issuance of such 2026 SRF-6 Junior Lien Bonds. Furthermore, an Authorized Officer is authorized to establish designations within the various funds and accounts established hereunder if necessary in order to differentiate such funds and accounts from other similarly named funds and accounts related to other Bonds.

(b) Numbering. The 2026 SRF-6 Junior Lien Bonds shall be numbered in such manner as shall be determined in the applicable Sale Order.

(c) Principal. The 2026 SRF-6 Junior Lien Bonds shall be issued in the form of Serial Bonds or Term Bonds, or any combination of Serial Bonds and Term Bonds, in any Authorized Denomination, and the principal thereof shall mature on October 1, or such other date as set forth in the Sale Order, in such years and amounts, and shall be or not be subject to redemption prior to maturity, all as shall be determined in the Sale Order subject to the following limitations:

- (1) No 2026 SRF-6 Junior Lien Bonds shall mature later than 40 years after the date of issuance thereof.
- (2) The 2026 SRF-6 Junior Lien Bonds shall only be issued with annual principal and interest installments permitted by the Ordinance, including Section 207 thereof.

(d) Interest. 2026 SRF-6 Junior Lien Bonds or portions thereof shall bear interest at a rate or rates as set forth in the Sale Order not in excess of 2.75% per annum. Interest on 2026 SRF-6 Junior Lien Bonds shall be payable on each Interest Payment Date.

(e) Payment of Principal and Interest. The principal of, premium, if any, and interest on the 2026 SRF-6 Junior Lien Bonds shall be payable in lawful money of the United States. Except as otherwise provided in the Sale Order, so long as the 2026 SRF-6 Junior Lien Bonds are owned by the MFA, the 2026 SRF-6 Junior Lien Bonds are payable as to principal, redemption premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Authority by the MFA (the MFA's Depository"), and the Authority agrees that it will deposit with the MFA's Depository payments of the principal of,

premium, if any, and interest on the 2026 SRF-6 Junior Lien Bonds in immediately available funds by 12:00 noon at least five Business Days prior to the date on which any such payment is due, whether by maturity, redemption or otherwise. If the 2026 SRF-6 Junior Lien Bonds are not registered in the name of the MFA, the principal of and premium, if any, on the 2026 SRF-6 Junior Lien Bonds are payable upon the surrender thereof at the corporate trust office of the Trustee and the interest is payable by check or draft drawn on the Trustee and mailed to the registered owners as of the immediately preceding Regular Record Date at their address shown on the registration books of the Authority maintained by the Trustee.

(f) Dating. Each Series of the 2026 SRF-6 Junior Lien Bonds shall be dated such date as determined in the Sale Order.

(g) Reserve Requirement. There shall be no Reserve Requirement with respect to the 2026 SRF-6 Junior Lien Bonds.

(h) Exchange. The registered owner of any 2026 SRF-6 Junior Lien Bond may exchange such 2026 SRF-6 Junior Lien Bond for a new 2026 SRF-6 Junior Lien Bond or Bonds of the same interest rate, maturity and Priority of Lien in an equal aggregate principal amount in one or more of the Authorized Denominations by surrendering such 2026 SRF-6 Junior Lien Bond to be exchanged at the designated office of the Trustee together with an assignment duly executed by the registered owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. As provided in Section 206 of the Ordinance, the Trustee shall be responsible for the registration, transfer and exchange of 2026 SRF-6 Junior Lien Bonds and shall indicate its acceptance of such duties by a document filed with an Authorized Officer concurrently with the delivery of the 2026 SRF-6 Junior Lien Bonds.

(i) Execution and Delivery of 2026 SRF-6 Junior Lien Bonds. Each Series of the 2026 SRF-6 Junior Lien Bonds shall be executed in the name of the Authority by manual or facsimile signature of the Chief Executive Officer of the Authority and countersigned by the manual or facsimile signature of the Secretary of the Authority Board, and shall have the Authority's seal or facsimile thereof affixed or printed thereon. The Chief Financial Officer is authorized to deliver the 2026 SRF-6 Junior Lien Bonds to the MFA upon receiving the purchase price therefor in lawful money of the United States.

(j) Form of 2026 SRF-6 Junior Lien Bonds. Each Series of the 2026 SRF-6 Junior Lien Bonds shall be in substantially the following form, subject to such changes, additions or deletions as determined by the Chief Executive Officer within the parameters of this 2026 SRF-6 Series Ordinance:

R-__

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF MACOMB, OAKLAND AND WAYNE
GREAT LAKES WATER AUTHORITY
SEWAGE DISPOSAL SYSTEM REVENUE BOND,
SERIES 2026-SRF-__**

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: \$ _____

INTEREST RATE: _____%

ORIGINAL ISSUE DATE:

The Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan (the “Issuer”), upon authorization from the Board of Directors of the Issuer (the “Board”), has issued this Bond. The Issuer, for value received, promises to pay, in lawful money of the United States of America, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above, or so much thereof as shall have been advanced to the Issuer and not prepaid or reduced pursuant to a Purchase Contract between the Issuer and the Michigan Finance Authority (the “MFA”), a Supplemental Agreement by and among the [Issuer][City of Detroit], the MFA and State of Michigan acting through the Department of Environment, Great Lakes, and Energy [and approved and agreed to by the Issuer], and the Order of Approval issued by the Department of Environment, Great Lakes, and Energy. The Principal Amount shall be payable on the dates and in the principal installments set forth in Schedule A attached hereto.

In the event less than the Principal Amount of this Bond is disbursed by the MFA, any portion of the Principal Amount is prepaid as provided herein, or any serial principal payment becomes due before the Issuer has received proceeds from corresponding purchased principal installments of at least a like amount, then the MFA may prepare a new serial principal installment repayment schedule which shall be presented to the Issuer and be effective upon receipt as provided in the Purchase Contract.

Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate set forth above, only on that portion of installments of the Principal Amount which have been disbursed by the MFA, shall be payable on _____, 202_ and semiannually on each April 1 and October 1 thereafter (each an “Interest Payment Date”).

If the MFA is not the registered owner of this Bond, principal of this Bond is payable upon presentation and surrender at the designated office of U.S. Bank Trust Company, National Association, as Trustee under the Ordinance (as defined below) or such other trustee as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any Interest Payment Date (the “Trustee”).

Interest on this Bond is payable to the registered owner of record as of the close of business on the 15th day of the month immediately preceding any Interest Payment Date as shown on the registration books kept by the Trustee by check or draft mailed by the Trustee to the registered owner at the registered address. Interest on this Bond shall be computed on the basis of a 360-day year comprised of twelve 30-day months. During the time funds are being drawn down by the Issuer under this Bond, the MFA will periodically provide the Issuer with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided, that no failure on the part of the MFA to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced [(subject to any principal forgiveness as provided for herein)], all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest that is two percent above the MFA's cost of providing funds (as determined by the MFA) to make payment on the bonds of the MFA issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the MFA has been fully reimbursed for all costs incurred by the MFA (as determined by the MFA) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MFA) the investment of amounts in the reserve account established by the MFA for the bonds of the MFA issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds that may be made available for such purpose) to pay the interest on outstanding bonds of the MFA issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the MFA) of such deficiency as additional interest on this bond.

Notwithstanding any other provision of this Bond, so long as the MFA is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the MFA (the "MFA's Depository"); (b) the Issuer agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the MFA's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the MFA as invoiced by the MFA an amount to recover the MFA's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the Issuer and received by the MFA's Depository at least 40 days prior to the date on which redemption is to be made.

This Bond is one of a series of bonds designated "Sewage Disposal System Revenue Bonds, Series 2026-SRF-__" and is issued pursuant to the provisions of (i) Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), (ii) Master Bond Ordinance No. 2015-02 adopted by the Board on October 7,

2015, as amended (the “Bond Ordinance”), (iii) the Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Aggregate Amount not to Exceed \$12,963,500, adopted by the Board on _____, 2026 (the “Series Ordinance”), and (iv) a Sale Order of the Chief Executive Officer of the Issuer dated _____, 2026 (the “Sale Order,” and, collectively with the Bond Ordinance and the Series Ordinance, the “Ordinance”). This Bond is issued for the purposes set forth in the Series Ordinance and the Sale Order.

For the prompt payment of the principal of and interest on this Bond, and other bonds issued by the Issuer pursuant to the Bond Ordinance, the Issuer has irrevocably pledged the Pledged Assets (as defined in the Bond Ordinance), which includes the revenues of the Sewer System (as defined in the Bond Ordinance), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Sewer System (the “Net Revenues”), and a statutory lien on the Net Revenues and Pledged Assets is hereby recognized and acknowledged. Such lien is a third lien, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first or second lien on the Pledged Assets. This Bond is of equal standing on a parity with all other obligations heretofore and hereafter issued or incurred under the Bond Ordinance and secured by a third lien on the Pledged Assets.

For a complete statement of the revenues from which and the conditions under which this Bond is payable, a statement of the conditions under which Additional Bonds (as defined in the Bond Ordinance) of senior or equal standing and Additional Bonds of junior standing may hereafter be issued and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Bond Ordinance.

This Bond is subject to redemption prior to maturity at the option of the Issuer and with the prior written consent of and upon such terms as may be required by the MFA. That portion of this Bond called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Trustee to redeem the same.

THIS BOND IS ISSUED UNDER ACT 233 AND ACT 94. IT IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE ISSUER AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN ANY CONSTITUTIONAL OR STATUTORY LIMITATION, BUT IS PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE PLEDGED ASSETS OF THE SEWER SYSTEM. THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY A STATUTORY LIEN ON THE PLEDGED ASSETS AS DESCRIBED HEREIN.

The Issuer has covenanted and agreed, and hereby covenants and agrees, to fix and maintain, or cause to be fixed and maintained, at all times while any bonds payable from the Pledged Assets of the Sewer System shall be outstanding, such rates for service furnished by the Sewer System as shall be sufficient to provide for payment of the interest upon and the principal of this Bond and all other Bonds (as defined in the Bond Ordinance) assumed or issued and to be issued under the Bond Ordinance as and when the same shall become due and payable, to create and maintain a bond redemption fund therefor, including a bond reserve for Bonds other than this Bond, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Sewer System as are necessary to preserve the same in good repair and

working order, and to provide for such other expenditures and funds for the Sewer System, all as are required by the Bond Ordinance.

This Bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds of the same type, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this Bond have been done and performed by regular and due time and form as required by law.

This Bond is not valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon has been executed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan, has caused this Bond to be signed in its name by the facsimile signatures of its Chief Executive Officer and its Secretary of the Board, and a facsimile of its corporate seal to be printed, impressed or otherwise reproduced hereon, all as of the Original Issue Date.

GREAT LAKES WATER AUTHORITY

By: _____
Chief Executive Officer

Countersigned:

By: _____
Secretary, Board of Directors

[Seal]

CERTIFICATE OF AUTHENTICATION

This Bond is authenticated as the bond designated by the Issuer as “Sewage Disposal System Revenue Bond, Series 2026-SRF-___”.

U.S. Bank Trust Company, National Association,
Trustee

By: _____

Date of Authentication: _____, 2026

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ this Bond and all rights hereunder and hereby irrevocably appoints _____ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____
Signature _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

Schedule A

The principal amounts and maturity dates applicable to the Bond to which this Schedule A is attached are as follows:

<u>Date</u>	<u>Amount</u>
-------------	---------------

Based on the schedule provided above unless revised as provided in this paragraph, repayment of the Principal Amount shall be made according to such schedule until the full Principal Amount disbursed to the Issuer is repaid; provided, however, that the Issuer shall have no obligation to repay any serial principal installment for which the Issuer did not receive a disbursement of Principal Amount by the date such serial principal installment is due. In the event the Order of Approval issued by the Department of Environment, Great Lakes, and Energy (the "Order") approves a principal amount of assistance less than the amount of this Bond, the MFA shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule described above provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the MFA or (3) of prepayment [or principal forgiveness] of the Bond, the MFA shall prepare a new payment schedule that shall be effective upon receipt by the Issuer.

END OF BOND FORM

Section 7. Concerning the Securities Depository.

(a) As used herein:

“Beneficial Owner” means any Person who indirectly owns 2026 SRF-6 Junior Lien Bonds pursuant to the indirect ownership system maintained by a securities depository (the “Securities Depository”) and its Participants, commonly known as the “Book-Entry Only System.”

“Participant” means any Person whose ownership of 2026 SRF-6 Junior Lien Bonds is shown on books of the Securities Depository.

(b) The 2026 SRF-6 Junior Lien Bonds will initially be registered in the name of the MFA, or such other purchasers as designated in the Sale Order. In the event 2026 SRF-6 Junior Lien Bonds are later to be registered in the name of a Securities Depository or its nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any Participant or to any Beneficial Owner with respect to any matter, including the following:

- (1) the accuracy of the records of the Securities Depository, its nominee or any Participant with respect to any ownership interest in 2026 SRF-6 Junior Lien Bonds,
- (2) the delivery to any Participant, Beneficial Owner or any other Person other than the Securities Depository of any notice with respect to: any 2026 SRF-6 Junior Lien Bonds, including any notice of redemption, or
- (3) the payment to any Participant, Beneficial Owner or any other Person, other than the Securities Depository of any amount with respect to the principal (and premium, if any) of or interest on any 2026 SRF-6 Junior Lien Bonds.

(c) The Trustee shall pay all principal (and premium, if any) of and interest on the 2026 SRF-6 Junior Lien Bonds only to or upon the order of the MFA, or the Securities Depository, as applicable, and all such payments shall be valid and effective fully to satisfy and discharge the Authority’s obligations with respect to the principal (and premium, if any) of, and interest on such 2026 SRF-6 Junior Lien Bonds to the extent of the sum or sums so paid.

(d) If 2026 SRF-6 Junior Lien Bonds become registered in the name of the Securities Depository and (1) the Authority receives a written notice from the Securities Depository to the effect the Securities Depository is unable or unwilling to discharge its responsibilities or (2) the Authority determines that it is in the best interests of the Beneficial Owners of 2026 SRF-6 Junior Lien Bonds that they be able to obtain 2026 SRF-6 Junior Lien Bonds in certificated form, then, in either event, the Authority shall notify the Trustee and, in the case of clause, (2), the Securities Depository.

(e) Upon discontinuance of the use of the Book-Entry Only System maintained by the Securities Depository, if any, pursuant to subsection (d), above and upon receipt of notice from the Securities Depository containing sufficient information, the Authority shall execute and the Trustee shall authenticate and deliver 2026 SRF-6 Junior Lien Bonds in certificated form to

Beneficial Owners in exchange for the beneficial interests of such Beneficial Owners in corresponding principal amounts and in any Authorized Denominations.

(f) Notwithstanding any other provision of this 2026 SRF-6 Series Ordinance to the contrary, so long as any 2026 SRF-6 Junior Lien Bond is registered in the name of the Securities Depository or its nominee:

- (1) all payments with respect to the principal, premium, if any, and interest on such 2026 SRF-6 Junior Lien Bond and all notices of redemption, tender and otherwise with respect to such 2026 SRF-6 Junior Lien Bond shall be made and given, respectively, to the Securities Depository as provided in the letter of representations from the Authority to the Securities Depository with respect to such 2026 SRF-6 Junior Lien Bonds or any master letter of representations from the Authority to the Securities Depository;
- (2) if less than all of the 2026 SRF-6 Junior Lien Bonds of the same type of any maturity are to be redeemed, then the particular 2026 SRF-6 Junior Lien Bonds or portions of 2026 SRF-6 Junior Lien Bonds of such type and maturity to be redeemed shall be selected by the Securities Depository in any such manner as the Securities Depository may determine;
- (3) all payments with respect to principal of the 2026 SRF-6 Junior Lien Bonds and premium, if any and interest on the 2026 SRF-6 Junior Lien Bonds shall be made in such manner as shall be prescribed by the Securities Depository; and
- (4) if a 2026 SRF-6 Junior Lien Bond is redeemed or tendered in part, then all amounts payable in respect of such redemption or tender shall be paid without presentation and surrender of such 2026 SRF-6 Junior Lien Bond pursuant to the procedures of the Securities Depository.

Section 8. Payment of 2026 SRF-6 Junior Lien Bonds; Confirmation of Statutory Lien.

(a) The 2026 SRF-6 Junior Lien Bonds and the interest thereon shall be payable solely from the Pledged Assets.

(b) To secure payment of the 2026 SRF-6 Junior Lien Bonds, the statutory lien upon the whole of the Pledged Assets established by Act 94 and the pledge created in Section 501 of the Ordinance is hereby confirmed in favor of the 2026 SRF-6 Junior Lien Bonds as follows: Such lien in favor of the 2026 SRF-6 Junior Lien Bonds shall be a statutory third lien on the Pledged Assets of equal standing and Priority of Lien with all issued, to be issued and outstanding SRF Junior Lien Bonds.

Section 9. Funds and Accounts; Flow of Funds. Except as otherwise provided in this 2026 SRF-6 Series Ordinance, all of the provisions relative to funds and accounts, their maintenance, the flow of funds and other details relative thereto, shall remain as specifically set forth in the Ordinance.

Section 10. Disposition of Proceeds.

(a) Disposition of Accrued Interest and Capitalized Interest. From the proceeds of the sale of the 2026 SRF-6 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 SRF-6 Junior Lien Bonds and any capitalized interest on the 2026 SRF-6 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 SRF-6 Junior Lien Bonds.

(b) Construction Fund. The balance of the proceeds of the 2026 SRF-6 Junior Lien Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 11.

Section 11. Construction Fund – Local Sewer System Improvements.

(a) A subaccount of the Detroit Local Construction Account of the Construction Fund established by the Ordinance shall be established for the 2026 SRF-6 Junior Lien Bonds and designated the “Local Construction Fund, Series 2026 SRF-6,” and shall be established and maintained as a separate depository account with a Custodian as designated by a City Authorized Officer.

(b) Moneys in the Local Construction Fund, Series 2026 SRF-6 shall be applied solely to payment of Project Costs (or to the reimbursement of Project Costs paid by the Authority or the City from other funds prior to the issuance of the 2026 SRF-6 Junior Lien Bonds).

(i) Payments or reimbursements for Project Costs for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with a City Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, that it was done pursuant to and in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.

(ii) Payment or reimbursement for Project Costs consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to a City Authorized Officer.

Section 12. Tax Covenant.

(a) The Authority hereby covenants and represents with the registered owners of the Tax-Exempt 2026 SRF-6 Junior Lien Bonds, that so long as any of the Tax-Exempt 2026 SRF-6 Junior Lien Bonds remain outstanding and unpaid as to either principal or interest, the Authority shall, to the extent permitted by law, take all actions within its control to maintain, and will refrain from taking any action which would impair, the exclusion of the interest on the Tax-Exempt 2026 SRF-6 Junior Lien Bonds from gross income for federal income tax purposes under the Code.

(b) The actions referred to in subsection (a), above include, but are not limited to actions relating to any required rebate of arbitrage earnings and the expenditure and investment of

proceeds of Tax-Exempt 2026 SRF-6 Junior Lien Bonds and moneys deemed to be proceeds of Tax-Exempt 2026 SRF-6 Junior Lien Bonds, and to prevent Tax-Exempt 2026 SRF-6 Junior Lien Bonds from being or becoming “private activity bonds” as that term is used in the Code.

(c) Pursuant to Section 512(a) of the Ordinance, the Chief Financial Officer is hereby authorized to designate separate accounts in the Local Construction Fund, Series 2026 SRF-6, if determined necessary and desirable, for administrative purposes and to better able the Authority to comply with tax covenants, including rebate covenants, relating to the 2026 SRF-6 Junior Lien Bonds in connection with maintaining the exclusion, if any, from gross income for federal income tax purposes of interest on the 2026 SRF-6 Junior Lien Bonds. The Authority Board acknowledges, further, in accordance with Section 514 of the Ordinance, the establishment of a Rebate Fund, under Section 502 of the Ordinance, which shall be maintained by the Trustee as a separate depository account, for the sole purpose of paying to the United States of America the amounts required to be rebated pursuant to the Code. In accordance with Section 514 of the Ordinance, the Authorized Officer is authorized to direct the Trustee to transfer to the Rebate Fund, an amount sufficient to make the amount on deposit in the Rebate Fund equal to 100% of the amount certified by the Authority as the amount required to be rebated to the United States pursuant to the Code as of the close of the bond year (as defined in the Code) for a related Series of Bonds. Such amount shall be certified by an Authorized Officer to the Trustee.

Section 13. Sale of 2026 SRF-6 Junior Lien Bonds; Purchase Contract; Expiration of Referendum Period.

(a) The 2026 SRF-6 Junior Lien Bonds shall be sold by negotiated sale to the MFA pursuant to a Purchase Contract in customary form with such changes thereto as an Authorized Officer shall determine are in the best interests of the Authority, within the parameters established by this 2026 SRF-6 Series Ordinance. Such determination shall be conclusively established by the Authorized Officer’s execution of the Purchase Contract to the MFA.

(b) The Authority Board hereby determines that the sale of the 2026 SRF-6 Junior Lien Bonds by negotiated sale as described in subsection (a) is in the best interests of the Authority and will allow the 2026 SRF-6 Junior Lien Bonds to receive a subsidized interest rate through participation in the MFA’s State Revolving Fund Program.

(c) An Authorized Officer is authorized to accept, on behalf of the Authority, an offer from the MFA to purchase the 2026 SRF-6 Junior Lien Bonds subject to the following limitations:

- (1) The interest rate with respect to any Series of the 2026 SRF-6 Junior Lien Bonds shall not exceed 2.75%.
- (2) The aggregate purchaser’s discount at which any Series of the 2026 SRF-6 Junior Lien Bonds shall be sold to the MFA shall not exceed 2.00%.

(d) An Authorized Officer shall confirm in the Sale Order that there was no petition meeting the requirements of Section 33 of Act 94 that was filed with the Secretary of the Authority Board within 45 days of the date of publication of the notice of intent to issue bonds with respect to the 2026 SRF-6 Junior Lien Bonds as required by Section 33 of Act 94.

Section 14. Delegation of Authority to and Authorization of Actions of Authorized Officers.

(a) An Authorized Officer shall make all determinations herein provided to be made in the Sale Order and shall make all such determinations in accordance with the best interests of the Authority within the parameters of this 2026 SRF-6 Series Ordinance.

(b) In addition to determinations authorized elsewhere in this 2026 SRF-6 Series Ordinance, an Authorized Officer shall determine the aggregate principal amount of 2026 SRF-6 Junior Lien Bonds to be issued, but not in excess of the aggregate principal amount authorized by this 2026 SRF-6 Series Ordinance, on the basis of her evaluation of the maximum amount of 2026 SRF-6 Junior Lien Bonds which can be sold, given anticipated interest rates and the revenue coverage requirements with respect to the 2026 SRF-6 Junior Lien Bonds and for any other reasons the Authorized Officer deems appropriate.

(1) Such determination shall also include the redemption provisions for the 2026 SRF-6 Junior Lien Bonds.

(2) An Authorized Officer shall also determine and establish, in accordance with this 2026 SRF-6 Series Ordinance, the maturities of each Series of the 2026 SRF-6 Junior Lien Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities.

(c) An Authorized Officer is authorized, if necessary, to file applications and to pay the related fees, if any, to the Michigan Department of Treasury at her discretion under Act 34 for one or more orders of approval to issue all or a portion of the 2026 SRF-6 Junior Lien Bonds, and such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the 2026 SRF-6 Junior Lien Bonds as authorized herein, and as required by the Michigan Department of Treasury or Act 34.

(d) An Authorized Officer shall determine in the Sale Order that the requirements set forth in Section 207 of the Ordinance with respect to the issuance of the 2026 SRF-6 Junior Lien Bonds as Additional Bonds have been satisfied.

(e) An Authorized Officer is hereby authorized and directed to do and perform any and all other acts and things with respect to the 2026 SRF-6 Junior Lien Bonds which are necessary or appropriate to carry into effect, consistent with the Ordinance and this 2026 SRF-6 Series Ordinance, the authorizations therein and herein contained including without limitation the securing of ratings by bond rating agencies, and the incurring of reasonable fees costs and expenses incidental to the foregoing, for and on behalf of the Authority.

Section 15. Advancement of Project Costs. At the direction of an Authorized Officer, the Authority may advance certain Project Costs from the Authority's funds prior to the issuance of the 2026 SRF-6 Junior Lien Bonds to the extent that such costs are expenditures appropriate for reimbursement under applicable law, including the Code in the case of Tax-Exempt 2026 SRF-6 Junior Lien Bonds.

Section 16. Ratification. All determinations and decisions of an Authorized Officer heretofore taken with respect to the issuance and sale of the 2026 SRF-6 Junior Lien Bonds as permitted or required by the Ordinance or law are hereby ratified, confirmed and approved.

Section 17. Additional Authorization. The Chief Executive Officer, the Chief Financial Officer, the Chief Administrative and Compliance Officer and the General Counsel of the Authority, any such officials acting in an interim or acting capacity to such officers, their deputies and staff, or any of them, are hereby authorized to execute and deliver such certificates, Supplemental Agreements, other agreements, documents, instruments, opinions and other papers as may be deemed necessary or appropriate to complete the sale, execution and delivery of the 2026 SRF-6 Junior Lien Bonds and otherwise give effect to the transactions contemplated by this 2026 SRF-6 Series Ordinance, as determined by such officials executing and delivering the foregoing items.

Section 18. 2026 SRF-6 Series Ordinance a Contract. The provisions of this 2026 SRF-6 Series Ordinance shall constitute a contract between the Authority and each registered owner of an outstanding 2026 SRF-6 Junior Lien Bond.

Section 19. Professional Services.

(a) Dickinson Wright PLLC is hereby appointed as Bond Counsel for the 2026 SRF-6 Junior Lien Bonds, notwithstanding the periodic representation by Dickinson Wright PLLC in unrelated matters of other parties and potential parties to the issuance of the 2026 SRF-6 Junior Lien Bonds.

(b) PFM Financial Advisors LLC is hereby appointed as Financial Advisor for the 2026 SRF-6 Junior Lien Bonds, notwithstanding the periodic representation by PFM Financial Advisors LLC in unrelated matters of other parties and potential parties to the issuance of the 2026 SRF-6 Junior Lien Bonds.

(c) The fees and expenses of Dickinson Wright PLLC and PFM Financial Advisors LLC shall be payable as an Issuance Cost from the proceeds of the 2026 SRF-6 Junior Lien Bonds or other available funds.

(d) An Authorized Officer is authorized to engage financial and other consultants as she deems necessary or appropriate in connection with the sale, issuance and delivery of the 2026 SRF-6 Junior Lien Bonds and to pay the fees and expenses thereof from the proceeds of the 2026 SRF-6 Junior Lien Bonds or other available funds.

Section 20. Severability; Headings; and Conflict. If any section, paragraph, clause or provision of this 2026 SRF-6 Series Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this 2026 SRF-6 Series Ordinance. The section and paragraph headings in this 2026 SRF-6 Series Ordinance are furnished for convenience of reference only and shall not be considered to be part of this 2026 SRF-6 Series Ordinance.

Section 21. Publication and Recordation. This 2026 SRF-6 Series Ordinance shall be published in full in the Detroit Legal News, a newspaper of general circulation within the

geographic boundaries of the Authority qualified under State law to publish legal notices, promptly after its adoption, and shall be maintained in the official records of the Authority and such recording authenticated by the signatures of the Chairperson and Secretary of the Authority Board.

Section 22. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2026 SRF-6 Series Ordinance are, to the extent of such conflict, repealed.

Section 23. Effective Date. This 2026 SRF-6 Series Ordinance shall be effective upon adoption.

Adopted and signed on the __ day of _____, 2026.

GREAT LAKES WATER AUTHORITY

Signed _____
Chairperson

Signed _____
Secretary

4919-7909-9045 v1 [63818-67]

Great Lakes Water Authority

Resolution 2026-188

RE: Approval of Series Ordinance Authorizing Issuance and Sale of Sewage Disposal System Revenue Bonds in an Amount not to Exceed \$12,963,500
Ordinance 2026-05

By Board Member: _____

Whereas There has been presented to the Board of Directors of the Great Lakes Water Authority (the “Authority”) an ordinance entitled “Series Ordinance Authorizing the Issuance and Sale of Sewage Disposal System Revenue Bonds in an Amount not to Exceed \$12,963,500” (the “2026 SRF-6 Series Ordinance”), which ordinance is a Series Ordinance as defined and described in Master Bond Ordinance No. 2015-02 adopted by the Board of Directors on October 7, 2015, as amended on December 9, 2015, January 27, 2016, August 10, 2016 and February 12, 2020.

Whereas The Articles of Incorporation of the Authority provide that at least 5 of the 6 members of the Authority Board must vote to approve the 2026 SRF-6 Series Ordinance.

Now, Therefore Be It:

Resolved That the 2026 SRF-6 Series Ordinance, in the form presented to this meeting, is approved and adopted, and the Chairperson and the Secretary are authorized to authenticate the 2026 SRF-6 Series Ordinance in the form approved; **And Be it Further**

Resolved That an affirmative vote of at least 5 members of the Authority Board is necessary for the passage of this Resolution.

Adopted by the Great Lakes Water Authority Board on: _____, 2026



Financial Services Audit Committee Communication

Date: May 22, 2026

To: Great Lakes Water Authority Audit Committee

From: Jacqueline Morgan, CTP, State Revolving Fund Program Finance Manager

Re: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$59,294,865 (Ordinance 2026-06) for FY 2026 Drinking Water State Revolving Fund Projects

Background & Analysis: The following documents are attached:

1. Draft Great Lakes Water Authority (GLWA) Board letter
2. Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds for Detroit Water and Sewerage Department Water System Improvements and Lead Water Service Line Replacement projects
3. Resolution to Approve the Series Ordinance

Proposed Action: The GLWA Audit Committee recommends that the Great Lakes Water Authority Board approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$59,294,865 as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

DRAFT for Audit Committee Review Only

..Title

Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$59,294,865 (Ordinance 2026-06) for FY 2026 Drinking Water State Revolving Fund (DWSRF) Projects

..Body

Agenda of: May 28, 2026
Item No.: **2026-189**
Amount: Not to Exceed \$59,294,865

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: May 28, 2026

RE: Resolution Regarding Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$59,294,865 (Ordinance 2026-06) for Fiscal Year (FY) 2026 Drinking Water State Revolving Fund (DWSRF) Projects

MOTION

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer (CFO) and Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$59,294,865 as presented**, and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

DRAFT for Audit Committee Review Only

BACKGROUND

The Detroit Water and Sewerage Department (DWSD) submits projects to the Michigan Department of Environment, Great Lakes, and Energy (EGLE) for low-interest funding consideration through the Drinking Water State Revolving Fund (DWSRF). On April 23, 2025, the DWSD Board of Water Commissioners held a public hearing and adopted a resolution approving the following projects: Water System Improvements in Various District 5 and 6 Neighborhoods of Detroit and Lead Water Service Line Replacement (LSLR) - Cadillac Heights Detroit. The projects were awarded funding for EGLE's FY 2026 funding year with an anticipated loan closing date in August 2026. To issue debt, the GLWA Board must adopt a resolution authorizing a Series Ordinance (2026-06).

There are two considerations related to this resolution: the projects awarded funding and the subsequent financing. The award process is administered by EGLE, while financing is facilitated through the Michigan Finance Authority (MFA).

DWSRF Projects and Award

In October 2025, EGLE confirmed funding for the Water System Improvements and Lead Water Service Line Replacement projects on the FY 2026 DWSRF Intended Use Plan (IUP). The award amount is based on estimated project cost submitted to EGLE in the final project plan. The project description, funding allocation, total award, and current estimated project costs are summarized below.

Water System Improvements in Various District 5 and 6 Neighborhoods of Detroit – (Series 2026-SRF-2; SRF No. 7932-01): This project is comprised of two contracts, referenced as Project A and Project B. Both contracts will be supported by this series ordinance and financed through a single DWSRF loan. The construction of both projects includes water main replacement and rehabilitation, the removal and replacement of lead and galvanized water service lines in various neighborhoods in Detroit.

Project A (Contract No. WS-751): neighborhoods of Eastern Market, Forest Park, North End, Islandview, West Village, and Medical Center.

Project B (Contract No. WS-752): neighborhoods of Central Southwest, Springwells, Michigan Martin, Hubbard Farms, & Claytown.

DRAFT for Audit Committee Review Only

DWSRF Loan Amount:	\$30,800,000
Principal Forgiveness:	<u>9,200,000</u>
Total IUP Award Amount:	\$40,000,000
Project Cost Estimate Change	<u>4,785,625</u>
Current Estimated Project Cost:	<u>\$44,785,625</u>

Lead Water Service Line Replacement - Cadillac Heights Detroit – (Series 2026 SRF-3; SRF No. 7932-02): This project is comprised of lead service line replacement and rehabilitation at select locations in the City of Detroit Cadillac Heights neighborhood.

DWSRF Loan Amount:	\$ 5,000,000
Principal Forgiveness:	<u>5,000,000</u>
Total IUP Award Amount:	\$10,000,000
Project Cost Estimate Change	<u>(881,203)</u>
Current Estimated Project Cost:	<u>\$ 9,118,897</u>

Cost estimates presented at the public hearing may differ from current amounts, as price adjustments occur throughout project development. When cost estimates result in an increase, additional funding may be requested to cover the revised project estimates. EGLE's approval is based on DWSRF program guidelines and availability of funds.

Financing

The Series 2026-SRF-2/3 Junior Lien Bonds (with 2 representing Water System Improvements and 3 representing LSLR) will be sold through the MFA under the state of Michigan's DWSRF program. The amount to be financed through the DWSRF bonds is within GLWA's authorized limits. The bonds limits establish the maximum principal amount of debt GLWA is authorized to issue for the project (i.e., the not to exceed (NTE) amount). These bonds will be supported by GLWA Board Resolution 2022-312, "Resolution of the Great Lakes Water Authority Authorizing Publication of Notice of Intent (NOI) to Issue Water Supply System Revenue Bonds in a principal amount not to exceed (NTE) \$250,000,000" approved on November 21, 2024. This is the fifth and sixth series of water bonds from that NOI.

The NTE amount contains a 10% loan financing contingency to accommodate potential fluctuations in the final award amount which is standard GLWA practice. With this contingency, the combined potential loan amount is \$59,294,865 (Water System Improvements: \$49,264,188; LSLR: \$10,030,677) for the Series Ordinance NTE amount (calculation shown on Attachment 1).

DRAFT for Audit Committee Review Only

JUSTIFICATION

The approval of this Series Ordinance (2026-06) is the next formal step in the bond issuance process. This series ordinance sets forth the guidelines for CWSRF bonds, designates the bonds as 2026 SRF-2/3 Junior Lien Bonds, and authorizes the CEO and/or CFO/Treasurer to execute the final terms of the bonds, pay issuance costs, and sign the Purchase Contract and Sale Order. The Board must approve a resolution adopting the Series Ordinance and the proposed action authorizes the bonds to be issued.

GLWA secures capital improvement financing for DWSD in accordance with foundational documents related to the establishment of GLWA. Pursuant to Section 7.2(b) of the Regional Water Supply System Lease between the City of Detroit and GLWA, the Authority shall cooperate with the City in the implementation of this Detroit capital improvement, including financing through the Authority. GLWA is the loan applicant on behalf of DWSD, and DWSD will be the DWSRF loan recipient. All project costs financed by GLWA through this program, and resulting principal and interest payments on the bonds, will be directly allocable to the DWSD local system.

A benefit of the SRF program is the low interest rates. Potential dollar savings are significant when compared to municipal bond interest rates in a market-based transaction. The current interest rate on a 20-year and 30-year loan for a significantly overburdened applicant is 1.00%. By way of example, the anticipated DWSRF loan amount for Water System Improvements Project will be \$44.8 million (rounded). Potential interest savings on a 30-year SRF loan would be approximately \$30.4 million when compared to a 4.5% estimated market-based rate. See Attachment 2 for additional interest savings calculations.

Another program advantage is that interest costs are only incurred on the amount drawn from the loan as project expenditures are incurred. This results in additional debt service savings early in the term of the loan compared to market-based transactions.

BUDGET IMPACT

GLWA will be the loan applicant on DWSRF loans issued on behalf of the DWSD, and DWSD will be the DWSRF loan recipient as determined by EGLE. All project costs financed by GLWA, on behalf of DWSD, through the program bonds and resulting principal and interest payments on the bonds, will be directly allocable to the DWSD local

DRAFT for Audit Committee Review Only

system. Debt service for both projects is anticipated to begin in April 2027 and will be included as part of the FY 2027 – FY 2028 biennial budget.

COMMITTEE REVIEW

This matter was reviewed by the GLWA Audit Committee at its meeting on May 22, 2026. The Audit Committee [*insert action taken*] the Board of Directors approve a resolution for the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount Not to Exceed \$59,294,865 as presented and authorizes the Chief Executive Officer (CEO) to take such other action as may be necessary to accomplish the intent of this vote.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD beyond the terms outlined above as well as reimbursement of financing costs incurred.

Table 1: Series Ordinance Not to Exceed (NTE) Calculation

	Water Sys. Imp. Series #2026-SRF-2 SRF #7932-01	LSLR Series #2026-SRF-3 SRF #7932-02	Total
Original Estimated SRF Project Cost (IUP Award Amount)	\$ 40,000,000	\$ 10,000,000	\$ 50,000,000
Adjustment to Estimated SRF Project Cost	4,785,625	(881,203)	3,904,422
Revised Estimated SRF Project Cost	44,785,625	9,118,797	53,904,422
Loan Financing Contingency (10% of revised estimated SRF project costs)	4,478,563	911,880	5,390,442
Series Ordinance NTE Amount	\$ 49,264,188	\$ 10,030,677	\$ 59,294,865

Table 1: Potential Loan Savings Comparison – DWSRF versus Estimated Market Rate

Anticipated DWSRF Loan Amount (rounded): \$44.8 million

30-year Loan Term

	DWSRF Interest Rate*	Estimated Market Rate
Interest Rate	1.00%	4.50%
Total Debt Service Payments	\$52.1 million	\$82.5 million
Potential Cost Savings	\$30.4 million	

Anticipated DWSRF Loan Amount (rounded): \$9.1 million

30-year Loan Term

	DWSRF Interest Rate*	Estimated Market Rate
Interest Rate	1.00%	4.50%
Total Debt Service Payments	\$10.6 million	\$16.8 million
Potential Cost Savings	\$6.2 million	

Note: *The DWSRF interest rate is based on a significantly overburdened applicant, which applies to both projects.

GREAT LAKES WATER AUTHORITY
ORDINANCE NO. 2026-06

**SERIES ORDINANCE AUTHORIZING ISSUANCE AND SALE OF
WATER SUPPLY SYSTEM REVENUE BONDS IN
AN AGGREGATE AMOUNT NOT TO EXCEED \$59,294,865**

WHEREAS, pursuant to Resolution No. 2015-10-02 adopted by the Board of Directors of the Great Lakes Water Authority (the “Authority”) on October 7, 2015, the Authority Board approved and adopted Master Bond Ordinance No. 2015-01 (as subsequently amended through the date hereof, the “Ordinance”), which authorizes the issuance by the Authority of Water Supply System Revenue Bonds; and

WHEREAS, the Ordinance authorizes the issuance of such Water Supply System Revenue Bonds in one or more Series pursuant to a Series Ordinance authorizing the issuance and sale of such Series; and

WHEREAS, the Authority Board has determined that it is necessary to authorize at this time two or more Series of SRF Junior Lien Bonds (the “2026 SRF-2/3 Junior Lien Bonds”) to provide moneys to pay all or part of the costs of the hereinafter described repairs, extensions, enlargements and improvements to the Local Water System identified in the Detroit Capital Improvement Program (collectively, the “2026 SRF 2/3 Projects”).

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GREAT LAKES WATER AUTHORITY AS FOLLOWS:

Section 1. Authority for this Series Ordinance. This Series Ordinance (the “2026 SRF-2/3 Series Ordinance”) is adopted pursuant to Section 1102(1) of the Ordinance.

Section 2. Definitions. Except as otherwise provided in this 2026 SRF-2/3 Series Ordinance, all terms which are defined in Section 101 of the Ordinance shall have the same meanings, respectively, in this 2026 SRF-2/3 Series Ordinance as such terms are given in the Ordinance. In addition, the following terms shall have the following meanings unless the context shall clearly indicate some other meaning:

(a) “2026 SRF-2 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2026 SRF-2/3 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2026 SRF-2 Project.

(b) “2026 SRF-3 Junior Lien Bonds” means the Bonds authorized by Section 5 of this 2026 SRF 2/3 Series Ordinance for the purpose of paying and/or reimbursing costs of the 2026 SRF-3 Project.

(c) “2026 SRF-2/3 Junior Lien Bonds” means, collectively, the 2026 SRF-2 Junior Lien Bonds and the 2026 SRF-3 Junior Lien Bonds.

(d) “2026 SRF-2 Project” means improvements to the Local Water System, including but not limited to water main replacement and rehabilitation, the removal and replacement of lead and galvanized water service lines at select locations in the Eastern Market, Forest Park, North End, Islandview, West Village, Medical Center, Central Southwest, Springwells, Michigan Martin, Hubbard Farms, and Claytown neighborhoods in the City of Detroit, and the restoration of streets, rights-of-way and easements affected by the improvements and related facilities, as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(e) “2026 SRF-3 Project” means improvements to the Local Water System, including but not limited to water main replacement and rehabilitation, the removal and replacement of lead and galvanized water service lines at select locations in the Cadillac Heights, Chandler Park, Bethune Community, Belmont, Claytown, and Warren Avenue Community neighborhoods in the City of Detroit, and the restoration of streets, rights-of-way and easements affected by the improvements and related facilities, as well as all work, equipment and appurtenances necessary or incidental to such improvements.

(f) “2026 SRF-2/3 Projects” means, collectively, the 2026 SRF-2 Project and the 2026 SRF-3 Project.

(g) “Authorized Denomination” means any denomination as determined by an Authorized Officer in the Sale Order.

(h) “Authorized Officer” means either the Chief Executive Officer or the Chief Financial Officer.

(i) “Interest Payment Date” means except as otherwise set forth in the Sale Order each April 1 and October 1.

(j) “Local Construction Fund, Series 2026 SRF-2” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2026 SRF-2/3 Series Ordinance relating to the construction of the 2026 SRF-2 Project to be paid with the proceeds of the 2026 SRF-2 Junior Lien Bonds.

(k) “Local Construction Fund, Series 2026 SRF-3” means a subaccount of the Construction Fund established in accordance with Section 11 of this 2026 SRF-2/3 Series Ordinance relating to the construction of the 2026 SRF-3 Project to be paid with the proceeds of the 2026 SRF-3 Junior Lien Bonds.

(l) “Maturity Date” means such dates of maturity of the 2026 SRF-2/3 Junior Lien Bonds as determined in the Sale Order.

(m) “MFA” means the Michigan Finance Authority.

(n) “Person” means any natural person, association, corporation, trust, partnership, joint venture, joint-stock company, municipal corporation, public body or other entity, however organized.

(o) “Project Costs” means, collectively, the costs of acquiring, constructing, equipping, installing and financing the 2026 SRF-2 Project, including Issuance Costs relating to the 2026 SRF-2 Junior Lien Bonds and the costs of acquiring, constructing, equipping, installing and financing the 2026 SRF-3 Project, including Issuance Costs relating to the 2026 SRF-3 Junior Lien Bonds.

(p) “Purchase Contract” means the Purchase Contract between the MFA and the Authority with respect to the purchase by the MFA and the sale by the Authority of a Series of the 2026 SRF-2/3 Junior Lien Bonds.

(q) “Regular Record Date” means except as otherwise set forth in the Sale Order the fifteenth day of the calendar month immediately preceding an Interest Payment Date.

(r) “Sale Order” means any one or more Sale Orders of an Authorized Officer authorizing acts consistent with the Ordinance and this 2026 SRF-2/3 Series Ordinance necessary and appropriate to complete the sale, execution and delivery of the 2026 SRF-2/3 Junior Lien Bonds and to complete the other transactions contemplated herein.

(s) “Supplemental Agreement” means, collectively, (1) the Supplemental Agreement among the Authority, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, with respect to a Series of the 2026 SRF-2 Junior Lien Bonds; and (2) the Supplemental Agreement among the City, the MFA and the State of Michigan acting through the Department of Environment, Great Lakes, and Energy, and approved and agreed to by the Authority, with respect to a Series of the 2026 SRF-3 Junior Lien Bonds.

(t) “Taxable 2026 SRF-2/3 Junior Lien Bonds” means any 2026 SRF-2/3 Junior Lien Bonds other than Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds.

(u) “Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds” means any 2026 SRF-2/3 Junior Lien Bonds that are Tax-Exempt Bonds.

Section 3. Approval of 2026 SRF-2/3 Projects.

(a) Approval of 2026 SRF-2 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Local Water System to acquire, construct and undertake the 2026 SRF-2 Project, and the 2026 SRF-2 Project is hereby approved and accepted.

(b) Approval of 2026 SRF-3 Project. It is hereby determined to be necessary for the public health, benefit and welfare of the area served by the Local Water System to acquire, construct and undertake the 2026 SRF-3 Project, and the 2026 SRF-3 Project is hereby approved and accepted.

Section 4. Estimated Cost and Period of Usefulness of 2026 SRF-2/3 Projects. The aggregate Project Costs are estimated by the Authority Board to not exceed \$53,904,422, and consist of the following:

(a) The Project Costs for the 2026 SRF-2 Project are estimated by the Authority Board to not exceed \$ 44,785,625 and the Project Costs for the 2026 SRF-2 Project are hereby approved and confirmed. The period of usefulness of the 2026 SRF-2 Project is estimated to be not less than 30 years.

(b) The Project Costs for the 2026 SRF-3 Project are estimated by the Authority Board to not exceed \$ 9,118,797 and the Project Costs for the 2026 SRF-3 Project are hereby approved and confirmed. The period of usefulness of the 2026 SRF-3 Project is estimated to be not less than 30 years.

Section 5. Authorization of 2026 SRF-2/3 Junior Lien Bonds.

(a) Authorization of Borrowing.

(i) The Authority may borrow an amount not in excess of \$49,264,188, as is finally determined in the Sale Order, and issue the 2026 SRF-2 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2026 SRF-2 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2026 SRF-2 Junior Lien Bonds authorized in this Section 5(a) shall include the amount of the net original issue premium, if any.

(ii) The Authority may borrow an amount not in excess of \$10,030,677, as is finally determined in the Sale Order, and issue the 2026 SRF-3 Junior Lien Bonds in one or more Series, all to evidence such borrowing pursuant to Act 233, Act 94 and the Ordinance, as 2026 SRF-3 Junior Lien Bonds, all as finally determined in the Sale Order. The amount of the 2026 SRF-3 Junior Lien Bonds authorized in this Section 5(b) shall include the amount of the net original issue premium, if any.

(b) Purpose of 2026 SRF-2/3 Junior Lien Bonds.

(i) The 2026 SRF-2 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Project Costs for the 2026 SRF-2 Project.

(ii) The 2026 SRF-3 Junior Lien Bonds shall be issued as Additional Bonds for the purpose of paying and/or reimbursing Project Costs for the 2026 SRF-3 Project.

(c) Priority of Lien. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be issued as SRF-2/3 Junior Lien Bonds.

(d) Insufficient Proceeds.

(i) To the extent that proceeds of SRF-2 Junior Lien Bonds are insufficient to pay Project Costs for the 2026 SRF-2 Project, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Local Water System on hand and legally available therefor, as determined by the Board of Water Commissioners of DWSD-R and, in the case of any Additional Bonds, with the concurrence of the Authority Board.

(ii) To the extent that proceeds of the SRF-3 Junior Lien Bonds are insufficient to pay Project Costs for the 2026 SRF-3 Project, the insufficiency shall be paid from the proceeds of future Additional Bonds, if any, and/or moneys of the Local Water System on hand and legally available therefor, as determined by the Board of Water Commissioners of DWSD-R and, in the case of any Additional Bonds, with the concurrence of the Authority Board.

(e) Separate Series. The 2026 SRF-2 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2026 SRF-3 Junior Lien Bonds are issuable at one or more times and as one or more separate Series of Bonds in such amounts as determined in the Sale Order. The 2026 SRF-2 Junior Lien Bonds and the 2026 SRF-3 Junior Lien Bonds shall be issued as separate Series.

(f) Taxable and Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds. Each Series of the 2026 SRF-2/3 Junior Lien Bonds may be issued as Taxable 2026 SRF-2/3 Junior Lien Bonds or Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds, or as separate subseries of both, as set forth in the applicable Sale Order.

(g) Source of Payment and Security. The 2026 SRF-2/3 Junior Lien Bonds shall be payable and secured as provided in Section 8.

(h) Applicability of Ordinance. Except as otherwise provided in this 2026 SRF-2/3 Series Ordinance or in the Sale Order, all of the provisions of the Ordinance shall apply to the 2026 SRF-2/3 Junior Lien Bonds as if set forth in full in this 2026 SRF-2/3 Series Ordinance, the purpose of this 2026 SRF-2/3 Series Ordinance being to supplement the Ordinance to authorize the issuance of 2026 SRF-2/3 Junior Lien Bonds for the purposes set forth herein.

Section 6. 2026 SRF-2/3 Junior Lien Bond Details.

(a) Designation.

- (1) The 2026 SRF-2 Junior Lien Bonds shall bear the designations Water Supply System Revenue Bonds, Series 2026-SRF-2 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2026 SRF-2/3 Series Ordinance. The 2026 SRF-3 Junior Lien Bonds shall bear the designations Water Supply System Revenue Bonds, Series 2026-SRF-3 and shall include such other designations, including, without limitation, designations for multiple Series or subseries, as determined by an Authorized Officer as shall be set forth in the Sale Order and not inconsistent with the Ordinance or this 2026 SRF-2/3 Series Ordinance.
- (2) If any Series of the 2026 SRF-2/3 Junior Lien Bonds are not issued in 2026, an Authorized Officer is authorized in her discretion to re-designate the year and Series designation of such Series of 2026 SRF-2/3 Junior Lien Bonds and the various funds and accounts established hereunder to correspond with the year of issuance of such Series of 2026 SRF-2/3 Junior Lien Bonds.

Furthermore, an Authorized Officer is authorized to establish designations within the various funds and accounts established hereunder if necessary in order to differentiate such funds and accounts from other similarly named funds and accounts related to other Bonds.

(b) Numbering. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be numbered in such manner as shall be determined in the applicable Sale Order.

(c) Principal. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be issued in the form of Serial Bonds or Term Bonds, or any combination of Serial Bonds and Term Bonds, in any Authorized Denomination, and the principal thereof shall mature on October 1, or such other date as set forth in the Sale Order, in such years and amounts, and shall be or not be subject to redemption prior to maturity, all as shall be determined in the Sale Order subject to the following limitations:

- (1) No 2026 SRF-2/3 Junior Lien Bonds shall mature later than 40 years after the date of issuance thereof.
- (2) The 2026 SRF-2/3 Junior Lien Bonds shall only be issued with annual principal and interest installments permitted by the Ordinance, including Section 207 thereof.

(d) Interest. 2026 SRF-2/3 Junior Lien Bonds or portions thereof shall bear interest at a rate or rates as set forth in the Sale Order not in excess of 2.75% per annum. Interest on 2026 SRF-2/3 Junior Lien Bonds shall be payable on each Interest Payment Date.

(e) Payment of Principal and Interest. The principal of, premium, if any, and interest on the 2026 SRF-2/3 Junior Lien Bonds shall be payable in lawful money of the United States. Except as otherwise provided in the Sale Order, so long as the 2026 SRF-2/3 Junior Lien Bonds are owned by the MFA, the 2026 SRF-2/3 Junior Lien Bonds are payable as to principal, redemption premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Authority by the MFA (the MFA's Depository"), and the Authority agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on the 2026 SRF-2/3 Junior Lien Bonds in immediately available funds by 12:00 noon at least five Business Days prior to the date on which any such payment is due, whether by maturity, redemption or otherwise. If the 2026 SRF-2/3 Junior Lien Bonds are not registered in the name of the MFA, the principal of and premium, if any, on the 2026 SRF-2/3 Junior Lien Bonds are payable upon the surrender thereof at the corporate trust office of the Trustee and the interest is payable by check or draft drawn on the Trustee and mailed to the registered owners as of the immediately preceding Regular Record Date at their address shown on the registration books of the Authority maintained by the Trustee.

(f) Dating. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be dated such date as determined in the Sale Order.

(g) Reserve Requirement. There shall be no Reserve Requirement with respect to the 2026 SRF-2/3 Junior Lien Bonds.

(h) Exchange. The registered owner of any 2026 SRF-2/3 Junior Lien Bond may exchange such 2026 SRF-2/3 Junior Lien Bond for a new 2026 SRF-2/3 Junior Lien Bond or Bonds of the same interest rate, maturity and Priority of Lien in an equal aggregate principal amount in one or more of the Authorized Denominations by surrendering such 2026 SRF-2/3 Junior Lien Bond to be exchanged at the designated office of the Trustee together with an assignment duly executed by the registered owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. As provided in Section 206 of the Ordinance, the Trustee shall be responsible for the registration, transfer and exchange of 2026 SRF-2/3 Junior Lien Bonds and shall indicate its acceptance of such duties by a document filed with an Authorized Officer concurrently with the delivery of the 2026 SRF-2/3 Junior Lien Bonds.

(i) Execution and Delivery of 2026 SRF-2/3 Junior Lien Bonds. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be executed in the name of the Authority by manual or facsimile signature of the Chief Executive Officer of the Authority and countersigned by the manual or facsimile signature of the Secretary of the Authority Board, and shall have the Authority's seal or facsimile thereof affixed or printed thereon. The Chief Financial Officer is authorized to deliver the 2026 SRF-2/3 Junior Lien Bonds to the MFA upon receiving the purchase price therefor in lawful money of the United States.

(j) Form of 2026 SRF-2/3 Junior Lien Bonds. Each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be in substantially the following form, subject to such changes, additions or deletions as determined by the Chief Executive Officer within the parameters of this 2026 SRF-2/3 Series Ordinance:

R-__

**UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF MACOMB, OAKLAND AND WAYNE
GREAT LAKES WATER AUTHORITY
WATER SUPPLY SYSTEM REVENUE BOND,
SERIES 2026-SRF-__**

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: \$ _____

INTEREST RATE: _____%

ORIGINAL ISSUE DATE:

The Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan (the “Issuer”), upon authorization from the Board of Directors of the Issuer (the “Board”), has issued this Bond. The Issuer, for value received, promises to pay, in lawful money of the United States of America, but only from the Pledged Assets (as defined below), to the Registered Owner named above, or registered assigns, the Principal Amount stated above, or so much thereof as shall have been advanced to the Issuer and not prepaid or reduced pursuant to a Purchase Contract between the Issuer and the Michigan Finance Authority (the “MFA”), a Supplemental Agreement by and among the City of Detroit, the MFA and State of Michigan acting through the Department of Environment, Great Lakes, and Energy and approved and agreed to by the Issuer, and the Order of Approval issued by the Department of Environment, Great Lakes, and Energy. The Principal Amount shall be payable on the dates and in the principal installments set forth in Schedule A attached hereto.

In the event less than the Principal Amount of this Bond is disbursed by the MFA, any portion of the Principal Amount is prepaid as provided herein, or any serial principal payment becomes due before the Issuer has received proceeds from corresponding purchased principal installments of at least a like amount, then the MFA may prepare a new serial principal installment repayment schedule which shall be presented to the Issuer and be effective upon receipt as provided in the Purchase Contract.

Interest on this Bond shall accrue from the Original Issue Date set forth above at the Interest Rate set forth above, only on that portion of installments of the Principal Amount which have been disbursed by the MFA, shall be payable on _____, 202_ and semiannually on each April 1 and October 1 thereafter (each an “Interest Payment Date”).

If the MFA is not the registered owner of this Bond, principal of this Bond is payable upon presentation and surrender at the designated office of U.S. Bank Trust Company, National Association, as Trustee under the Ordinance (as defined below) or such other trustee as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any Interest Payment Date (the “Trustee”).

Interest on this Bond is payable to the registered owner of record as of the close of business on the 15th day of the month immediately preceding any Interest Payment Date as shown on the registration books kept by the Trustee by check or draft mailed by the Trustee to the registered owner at the registered address. Interest on this Bond shall be computed on the basis of a 360-day year comprised of twelve 30-day months. During the time funds are being drawn down by the Issuer under this Bond, the MFA will periodically provide the Issuer with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided, that no failure on the part of the MFA to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding principal amount actually advanced [(subject to any principal forgiveness as provided for herein)], all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this Bond.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest that is two percent above the MFA's cost of providing funds (as determined by the MFA) to make payment on the bonds of the MFA issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the MFA has been fully reimbursed for all costs incurred by the MFA (as determined by the MFA) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the MFA. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the MFA) the investment of amounts in the reserve account established by the MFA for the bonds of the MFA issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds that may be made available for such purpose) to pay the interest on outstanding bonds of the MFA issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the MFA) of such deficiency as additional interest on this bond.

Notwithstanding any other provision of this Bond, so long as the MFA is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at U.S. Bank Trust Company, National Association, or at such other place as shall be designated in writing to the Issuer by the MFA (the "MFA's Depository"); (b) the Issuer agrees that it will deposit with the MFA's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the MFA's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the MFA as invoiced by the MFA an amount to recover the MFA's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the Issuer and received by the MFA's Depository at least 40 days prior to the date on which redemption is to be made.

This Bond is one of a series of bonds designated "Water Supply System Revenue Bonds, Series 2026-SRF-__" and is issued pursuant to the provisions of (i) Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), and Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), (ii) Master Bond Ordinance No. 2015-01 adopted by the Board on October 7, 2015, as

amended (the “Bond Ordinance”), (iii) the Series Ordinance Authorizing Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount not to Exceed \$59,294,865, adopted by the Board on _____, 2026 (the “Series Ordinance”), and (iv) a Sale Order of the Chief Executive Officer of the Issuer dated _____, 2026 (the “Sale Order,” and, collectively with the Bond Ordinance and the Series Ordinance, the “Ordinance”). This Bond is issued for the purposes set forth in the Series Ordinance and the Sale Order.

For the prompt payment of the principal of and interest on this Bond, and other bonds issued by the Issuer pursuant to the Bond Ordinance, the Issuer has irrevocably pledged the Pledged Assets (as defined in the Bond Ordinance), which includes the revenues of the Water System (as defined in the Bond Ordinance), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Water System (the “Net Revenues”), and a statutory lien on the Net Revenues and Pledged Assets is hereby recognized and acknowledged. Such lien is a third lien, subject to obligations heretofore and hereafter issued or incurred under the Bond Ordinance secured by a first or second lien on the Pledged Assets. This Bond is of equal standing on a parity with all other obligations heretofore and hereafter issued or incurred under the Bond Ordinance and secured by a third lien on the Pledged Assets.

For a complete statement of the revenues from which and the conditions under which this Bond is payable, a statement of the conditions under which Additional Bonds (as defined in the Bond Ordinance) of senior or equal standing and Additional Bonds of junior standing may hereafter be issued and the general covenants and provisions pursuant to which this Bond is issued, reference is made to the Bond Ordinance.

This Bond is subject to redemption prior to maturity at the option of the Issuer and with the prior written consent of and upon such terms as may be required by the MFA. That portion of this Bond called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the Trustee to redeem the same.

THIS BOND IS ISSUED UNDER ACT 233 AND ACT 94. IT IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE ISSUER AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN ANY CONSTITUTIONAL OR STATUTORY LIMITATION, BUT IS PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE PLEDGED ASSETS OF THE WATER SYSTEM. THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY A STATUTORY LIEN ON THE PLEDGED ASSETS AS DESCRIBED HEREIN.

The Issuer has covenanted and agreed, and hereby covenants and agrees, to fix and maintain, or cause to be fixed and maintained, at all times while any bonds payable from the Pledged Assets of the Water System shall be outstanding, such rates for service furnished by the Water System as shall be sufficient to provide for payment of the interest upon and the principal of this Bond and all other Bonds (as defined in the Bond Ordinance) assumed or issued and to be issued under the Bond Ordinance as and when the same shall become due and payable, to create and maintain a bond redemption fund therefor, including a bond reserve for Bonds other than this Bond, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Water System as are necessary to preserve the same in good repair and

working order, and to provide for such other expenditures and funds for the Water System, all as are required by the Bond Ordinance.

This Bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Trustee by the registered owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds of the same type, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this Bond have been done and performed by regular and due time and form as required by law.

This Bond is not valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon has been executed by the Trustee.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, State of Michigan, has caused this Bond to be signed in its name by the facsimile signatures of its Chief Executive Officer and its Secretary of the Board, and a facsimile of its corporate seal to be printed, impressed or otherwise reproduced hereon, all as of the Original Issue Date.

GREAT LAKES WATER AUTHORITY

By: _____
Chief Executive Officer

Countersigned:

By: _____
Secretary, Board of Directors

[Seal]

CERTIFICATE OF AUTHENTICATION

This Bond is authenticated as the bond designated by the Issuer as “Water Supply System Revenue Bond, Series 2026-SRF-__”.

U.S. Bank Trust Company, National Association,
Trustee

By:_____

Date of Authentication: _____, 2026

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ this Bond and all rights hereunder and hereby irrevocably appoints _____ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

Schedule A

The principal amounts and maturity dates applicable to the Bond to which this Schedule A is attached are as follows:

<u>Date</u>	<u>Amount</u>
-------------	---------------

Based on the schedule provided above unless revised as provided in this paragraph, repayment of the Principal Amount shall be made according to such schedule until the full Principal Amount disbursed to the Issuer is repaid; provided, however, that the Issuer shall have no obligation to repay any serial principal installment for which the Issuer did not receive a disbursement of Principal Amount by the date such serial principal installment is due. In the event the Order of Approval issued by the Department of Environment, Great Lakes, and Energy (the "Order") approves a principal amount of assistance less than the amount of this Bond, the MFA shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule described above provides for payment of a total principal amount greater than the amount of assistance approved by the Order, (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the MFA or (3) of prepayment [or principal forgiveness] of the Bond, the MFA shall prepare a new payment schedule that shall be effective upon receipt by the Issuer.

END OF BOND FORM

Section 7. Concerning the Securities Depository.

(a) As used herein:

“Beneficial Owner” means any Person who indirectly owns 2026 SRF-2/3 Junior Lien Bonds pursuant to the indirect ownership system maintained by a securities depository (the “Securities Depository”) and its Participants, commonly known as the “Book-Entry Only System.”

“Participant” means any Person whose ownership of 2026 SRF-2/3 Junior Lien Bonds is shown on books of the Securities Depository.

(b) The 2026 SRF-2/3 Junior Lien Bonds will initially be registered in the name of the MFA, or such other purchasers as designated in the Sale Order. In the event 2026 SRF-2/3 Junior Lien Bonds are later to be registered in the name of a Securities Depository or its nominee, neither the Authority nor the Trustee shall have any responsibility or obligation to any Participant or to any Beneficial Owner with respect to any matter, including the following:

- (1) the accuracy of the records of the Securities Depository, its nominee or any Participant with respect to any ownership interest in 2026 SRF-2/3 Junior Lien Bonds,
- (2) the delivery to any Participant, Beneficial Owner or any other Person other than the Securities Depository of any notice with respect to: any 2026 SRF-2/3 Junior Lien Bonds, including any notice of redemption, or
- (3) the payment to any Participant, Beneficial Owner or any other Person, other than the Securities Depository of any amount with respect to the principal (and premium, if any) of or interest on any 2026 SRF-2/3 Junior Lien Bonds.

(c) The Trustee shall pay all principal (and premium, if any) of and interest on the 2026 SRF-2/3 Junior Lien Bonds only to or upon the order of the MFA, or the Securities Depository, as applicable, and all such payments shall be valid and effective fully to satisfy and discharge the Authority’s obligations with respect to the principal (and premium, if any) of, and interest on such 2026 SRF-2/3 Junior Lien Bonds to the extent of the sum or sums so paid.

(d) If 2026 SRF-2/3 Junior Lien Bonds become registered in the name of the Securities Depository and (1) the Authority receives a written notice from the Securities Depository to the effect the Securities Depository is unable or unwilling to discharge its responsibilities or (2) the Authority determines that it is in the best interests of the Beneficial Owners of 2026 SRF-2/3 Junior Lien Bonds that they be able to obtain 2026 SRF-2/3 Junior Lien Bonds in certificated form, then, in either event, the Authority shall notify the Trustee and, in the case of clause, (2), the Securities Depository.

(e) Upon discontinuance of the use of the Book-Entry Only System maintained by the Securities Depository, if any, pursuant to subsection (d), above and upon receipt of notice from the Securities Depository containing sufficient information, the Authority shall execute and the Trustee shall authenticate and deliver 2026 SRF-2/3 Junior Lien Bonds in certificated form to

Beneficial Owners in exchange for the beneficial interests of such Beneficial Owners in corresponding principal amounts and in any Authorized Denominations.

(f) Notwithstanding any other provision of this 2026 SRF-2/3 Series Ordinance to the contrary, so long as any 2026 SRF-2/3 Junior Lien Bond is registered in the name of the Securities Depository or its nominee:

- (1) all payments with respect to the principal, premium, if any, and interest on such 2026 SRF-2/3 Junior Lien Bond and all notices of redemption, tender and otherwise with respect to such 2026 SRF-2/3 Junior Lien Bond shall be made and given, respectively, to the Securities Depository as provided in the letter of representations from the Authority to the Securities Depository with respect to such 2026 SRF-2/3 Junior Lien Bonds or any master letter of representations from the Authority to the Securities Depository;
- (2) if less than all of the 2026 SRF-2/3 Junior Lien Bonds of the same type of any maturity are to be redeemed, then the particular 2026 SRF-2/3 Junior Lien Bonds or portions of 2026 SRF-2/3 Junior Lien Bonds of such type and maturity to be redeemed shall be selected by the Securities Depository in any such manner as the Securities Depository may determine;
- (3) all payments with respect to principal of the 2026 SRF-2/3 Junior Lien Bonds and premium, if any and interest on the 2026 SRF-2/3 Junior Lien Bonds shall be made in such manner as shall be prescribed by the Securities Depository; and
- (4) if a 2026 SRF-2/3 Junior Lien Bond is redeemed or tendered in part, then all amounts payable in respect of such redemption or tender shall be paid without presentation and surrender of such 2026 SRF-2/3 Junior Lien Bond pursuant to the procedures of the Securities Depository.

Section 8. Payment of 2026 SRF-2/3 Junior Lien Bonds; Confirmation of Statutory Lien.

(a) The 2026 SRF-2/3 Junior Lien Bonds and the interest thereon shall be payable solely from the Pledged Assets.

(b) To secure payment of the 2026 SRF-2/3 Junior Lien Bonds, the statutory lien upon the whole of the Pledged Assets established by Act 94 and the pledge created in Section 501 of the Ordinance is hereby confirmed in favor of the 2026 SRF-2/3 Junior Lien Bonds as follows: Such lien in favor of the 2026 SRF-2/3 Junior Lien Bonds shall be a statutory third lien on the Pledged Assets of equal standing and Priority of Lien with all issued, to be issued and outstanding SRF Junior Lien Bonds.

Section 9. Funds and Accounts; Flow of Funds. Except as otherwise provided in this 2026 SRF-2/3 Series Ordinance, all of the provisions relative to funds and accounts, their maintenance, the flow of funds and other details relative thereto, shall remain as specifically set forth in the Ordinance.

Section 10. Disposition of Proceeds.

(a) Disposition of Accrued Interest and Capitalized Interest. (1) From the proceeds of the sale of the 2026 SRF-2 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 SRF-2 Junior Lien Bonds and any capitalized interest on the 2026 SRF-2 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 SRF-2 Junior Lien Bonds.

(2) From the proceeds of the sale of the 2026 SRF-3 Junior Lien Bonds there shall be immediately deposited in the SRF Junior Lien Debt Service Account, an amount equal to any accrued interest received on the delivery of the 2026 SRF-3 Junior Lien Bonds and any capitalized interest on the 2026 SRF-3 Junior Lien Bonds, and the Authority may take credit for the amount so deposited against the amount required to be deposited in the SRF Junior Lien Debt Service Account for payment of the next maturing interest payment on the 2026 SRF-3 Junior Lien Bonds.

(b) Construction Fund. The balance of the proceeds of each Series of the 2026 SRF-2/3 Junior Lien Bonds shall be deposited in the Construction Fund and used to pay Project Costs as provided in Section 11.

Section 11. Construction Fund.

(a) Construction Fund – 2026 SRF-2 Project.

(1) A subaccount of the Detroit Local Construction Account of the Construction Fund established by the Ordinance shall be established for the 2026 SRF-2 Junior Lien Bonds and designated the “Local Construction Fund, Series 2026 SRF-2,” and shall be established and maintained as a separate depository account with a Custodian as designated by a City Authorized Officer.

(2) Moneys in the Local Construction Fund, Series 2026 SRF-2 shall be applied solely to payment of Project Costs for the 2026 SRF-2 Project (or to the reimbursement of Project Costs for the 2026 SRF-2 Project paid by the Authority or the City from other funds prior to the issuance of the 2026 SRF-2 Junior Lien Bonds

(A) Payments or reimbursements for Project Costs for the 2026 SRF-2 Project for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with a City Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, and that it was done pursuant to and in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.

(B) Payment or reimbursement for Project Costs for the 2026 SRF-2 Project consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to a City Authorized Officer.

(b) Construction Fund – 2026 SRF-3 Project.

(1) A subaccount of the Detroit Local Construction Account of the Construction Fund established by the Ordinance shall be established for the 2026 SRF-3 Junior Lien Bonds and designated the “Local Construction Fund, Series 2026 SRF-3,” and shall be established and maintained as a separate depository account with a Custodian as designated by a City Authorized Officer.

(2) Moneys in the Local Construction Fund, Series 2026 SRF-3 shall be applied solely to payment of Project Costs for the 2026 SRF-3 Project (or to the reimbursement of Project Costs for the 2026 SRF-3 Project paid by the Authority or the City from other funds prior to the issuance of the 2026 SRF-3 Junior Lien Bonds).

(A) Payments or reimbursements for Project Costs for the 2026 SRF-3 Project for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with a City Authorized Officer a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor, and that it was done pursuant to and in accordance with the contract therefor, that such work is satisfactory and that such work has not been previously paid for.

(B) Payment or reimbursement for Project Costs for the 2026 SRF-3 Project consisting of Issuance Costs and engineering, legal and financial costs shall be made upon submission of appropriate documentation to a City Authorized Officer.

Tax Covenant.

(c) The Authority hereby covenants and represents with the registered owners of the Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds, that so long as any of the Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds remain outstanding and unpaid as to either principal or interest, the Authority shall, to the extent permitted by law, take all actions within its control to maintain, and will refrain from taking any action which would impair, the exclusion of the interest on the Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds from gross income for federal income tax purposes under the Code.

(d) The actions referred to in subsection (a), above include, but are not limited to actions relating to any required rebate of arbitrage earnings and the expenditure and investment of proceeds of Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds and moneys deemed to be proceeds of Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds, and to prevent Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds from being or becoming “private activity bonds” as that term is used in the Code.

(c) Pursuant to Section 512(a) of the Ordinance, the Chief Financial Officer is hereby authorized to designate separate accounts in the Local Construction Fund, Series 2026 SRF-2 and/or the Local Construction Fund, Series 2026 SRF-2, if determined necessary and desirable, for administrative purposes and to better able the Authority to comply with tax covenants, including rebate covenants, relating to the 2026 SRF-2/3 Junior Lien Bonds in connection with maintaining the exclusion, if any, from gross income for federal income tax purposes of interest on the 2026 SRF-2/3 Junior Lien Bonds. The Authority Board acknowledges, further, in accordance with Section 514 of the Ordinance, the establishment of a Rebate Fund, under Section 502 of the

Ordinance, which shall be maintained by the Trustee as a separate depository account, for the sole purpose of paying to the United States of America the amounts required to be rebated pursuant to the Code. In accordance with Section 514 of the Ordinance, the Authorized Officer is authorized to direct the Trustee to transfer to the Rebate Fund, an amount sufficient to make the amount on deposit in the Rebate Fund equal to 100% of the amount certified by the Authority as the amount required to be rebated to the United States pursuant to the Code as of the close of the bond year (as defined in the Code) for a related Series of Bonds. Such amount shall be certified by an Authorized Officer to the Trustee.

Section 12. Sale of 2026 SRF-2/3 Junior Lien Bonds; Purchase Contract; Expiration of Referendum Period.

(a) The 2026 SRF-2/3 Junior Lien Bonds shall be sold by negotiated sale to the MFA pursuant to a Purchase Contract in customary form with such changes thereto as an Authorized Officer shall determine are in the best interests of the Authority, within the parameters established by this 2026 SRF-2/3 Series Ordinance. Such determination shall be conclusively established by the Authorized Officer's execution of the Purchase Contract to the MFA.

(b) The Authority Board hereby determines that the sale of the 2026 SRF-2/3 Junior Lien Bonds by negotiated sale as described in subsection (a) is in the best interests of the Authority and will allow the 2026 SRF-2/3 Junior Lien Bonds to receive a subsidized interest rate through participation in the MFA's State Revolving Fund Program.

(c) An Authorized Officer is authorized to accept, on behalf of the Authority, an offer from the MFA to purchase the 2026 SRF-2/3 Junior Lien Bonds subject to the following limitations:

- (1) The interest rate with respect to any Series of the 2026 SRF-2/3 Junior Lien Bonds shall not exceed 2.75%.
- (2) The aggregate purchaser's discount at which any Series of the 2026 SRF-2/3 Junior Lien Bonds shall be sold to the MFA shall not exceed 2.00%.

(d) An Authorized Officer shall confirm in the Sale Order that there was no petition meeting the requirements of Section 33 of Act 94 that was filed with the Secretary of the Authority Board within 45 days of the date of publication of the notice of intent to issue bonds with respect to the 2026 SRF-2/3 Junior Lien Bonds as required by Section 33 of Act 94.

Section 13. Delegation of Authority to and Authorization of Actions of Authorized Officers.

(a) An Authorized Officer shall make all determinations herein provided to be made in the Sale Order and shall make all such determinations in accordance with the best interests of the Authority within the parameters of this 2026 SRF-2/3 Series Ordinance.

(b) In addition to determinations authorized elsewhere in this 2026 SRF-2/3 Series Ordinance, an Authorized Officer shall determine the aggregate principal amount of 2026 SRF-2/3 Junior Lien Bonds to be issued, but not in excess of the aggregate principal amount authorized

by this 2026 SRF-2/3 Series Ordinance, on the basis of her evaluation of the maximum amount of 2026 SRF-2/3 Junior Lien Bonds which can be sold, given anticipated interest rates and the revenue coverage requirements with respect to the 2026 SRF-2/3 Junior Lien Bonds and for any other reasons the Authorized Officer deems appropriate.

- (1) Such determination shall also include the redemption provisions for the 2026 SRF-2/3 Junior Lien Bonds.
- (2) An Authorized Officer shall also determine and establish, in accordance with this 2026 SRF-2/3 Series Ordinance, the maturities of each Series of the 2026 SRF-2/3 Junior Lien Bonds, whether such maturities shall be serial or term maturities and the Mandatory Redemption Requirements for any term maturities.

(c) An Authorized Officer is authorized, if necessary, to file applications and to pay the related fees, if any, to the Michigan Department of Treasury at her discretion under Act 34 for one or more orders of approval to issue all or a portion of the 2026 SRF-2/3 Junior Lien Bonds, and such waivers or other Treasury approvals as necessary to implement the sale, delivery and security for the 2026 SRF-2/3 Junior Lien Bonds as authorized herein, and as required by the Michigan Department of Treasury or Act 34.

(d) An Authorized Officer shall determine in the Sale Order that the requirements set forth in Section 207 of the Ordinance with respect to the issuance of the 2026 SRF-2/3 Junior Lien Bonds as Additional Bonds have been satisfied.

(e) An Authorized Officer is hereby authorized and directed to do and perform any and all other acts and things with respect to the 2026 SRF-2/3 Junior Lien Bonds which are necessary or appropriate to carry into effect, consistent with the Ordinance and this 2026 SRF-2/3 Series Ordinance, the authorizations therein and herein contained including without limitation the securing of ratings by bond rating agencies, and the incurring of reasonable fees costs and expenses incidental to the foregoing, for and on behalf of the Authority.

Section 14. Advancement of Project Costs. At the direction of an Authorized Officer, the Authority may advance certain Project Costs from the Authority's funds prior to the issuance of the 2026 SRF-2/3 Junior Lien Bonds to the extent that such costs are expenditures appropriate for reimbursement under applicable law, including the Code in the case of Tax-Exempt 2026 SRF-2/3 Junior Lien Bonds.

Section 15. Ratification. All determinations and decisions of an Authorized Officer heretofore taken with respect to the issuance and sale of the 2026 SRF-2/3 Junior Lien Bonds as permitted or required by the Ordinance or law are hereby ratified, confirmed and approved.

Section 16. Additional Authorization. The Chief Executive Officer, the Chief Financial Officer, the Chief Administrative and Compliance Officer and the General Counsel of the Authority, any such officials acting in an interim or acting capacity to such officers, their deputies and staff, or any of them, are hereby authorized to execute and deliver such certificates, Supplemental Agreements, other agreements, documents, instruments, opinions and other papers as may be deemed necessary or appropriate to complete the sale, execution and delivery of the

2026 SRF-2/3 Junior Lien Bonds and otherwise give effect to the transactions contemplated by this 2026 SRF-2/3 Series Ordinance, as determined by such officials executing and delivering the foregoing items.

Section 17. 2026 SRF-2/3 Series Ordinance a Contract. The provisions of this 2026 SRF-2/3 Series Ordinance shall constitute a contract between the Authority and each registered owner of an outstanding 2026 SRF-2/3 Junior Lien Bond.

Section 18. Professional Services.

(a) Dickinson Wright PLLC is hereby appointed as Bond Counsel for the 2026 SRF-2/3 Junior Lien Bonds, notwithstanding the periodic representation by Dickinson Wright PLLC in unrelated matters of other parties and potential parties to the issuance of the 2026 SRF-2/3 Junior Lien Bonds.

(b) PFM Financial Advisors LLC is hereby appointed as Financial Advisor for the 2026 SRF-2/3 Junior Lien Bonds, notwithstanding the periodic representation by PFM Financial Advisors LLC in unrelated matters of other parties and potential parties to the issuance of the 2026 SRF-2/3 Junior Lien Bonds.

(c) The fees and expenses of Dickinson Wright PLLC and PFM Financial Advisors LLC shall be payable as an Issuance Cost from the proceeds of the 2026 SRF-2/3 Junior Lien Bonds or other available funds.

(d) An Authorized Officer is authorized to engage financial and other consultants as she deems necessary or appropriate in connection with the sale, issuance and delivery of the 2026 SRF-2/3 Junior Lien Bonds and to pay the fees and expenses thereof from the proceeds of the 2026 SRF-2/3 Junior Lien Bonds or other available funds.

Section 19. Severability; Headings; and Conflict. If any section, paragraph, clause or provision of this 2026 SRF-2/3 Series Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this 2026 SRF-2/3 Series Ordinance. The section and paragraph headings in this 2026 SRF-2/3 Series Ordinance are furnished for convenience of reference only and shall not be considered to be part of this 2026 SRF-2/3 Series Ordinance.

Section 20. Publication and Recordation. This 2026 SRF-2/3 Series Ordinance shall be published in full in the Detroit Legal News, a newspaper of general circulation within the geographic boundaries of the Authority qualified under State law to publish legal notices, promptly after its adoption, and shall be maintained in the official records of the Authority and such recording authenticated by the signatures of the Chairperson and Secretary of the Authority Board.

Section 21. Repeal. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this 2026 SRF-2/3 Series Ordinance are, to the extent of such conflict, repealed.

Section 22. Effective Date. This 2026 SRF-2/3 Series Ordinance shall be effective upon adoption.

Adopted and signed on the ___ day of _____, 2026.

GREAT LAKES WATER AUTHORITY

Signed _____
Chairperson

Signed _____
Secretary

Great Lakes Water Authority

Resolution 2026-189

**RE: Approval of Series Ordinance Authorizing Issuance and Sale of Water Supply System
Revenue Bonds in an Aggregate Amount not to Exceed \$59,294,865
Ordinance 2026-06**

By Board Member: _____

Whereas There has been presented to the Board of Directors of the Great Lakes Water Authority (the “Authority”) an ordinance entitled “Series Ordinance Authorizing the Issuance and Sale of Water Supply System Revenue Bonds in an Aggregate Amount not to Exceed \$59,294,865” (the “2026 SRF-2/3 Series Ordinance”), which ordinance is a Series Ordinance as defined and described in Master Bond Ordinance No. 2015-01 adopted by the Board of Directors on October 7, 2015, as amended on December 9, 2015, January 27, 2016, August 10, 2016 and February 12, 2020.

Whereas The Articles of Incorporation of the Authority provide that at least 5 of the 6 members of the Authority Board must vote to approve the 2026 SRF-2/3 Series Ordinance.

Now, Therefore Be It:

Resolved That the 2026 SRF-2/3 Series Ordinance, in the form presented to this meeting, is approved and adopted, and the Chairperson and the Secretary are authorized to authenticate the 2026 SRF-2/3 Series Ordinance in the form approved; **And Be it Further**

Resolved That an affirmative vote of at least 5 members of the Authority Board is necessary for the passage of this Resolution.

Adopted by the Great Lakes Water Authority Board on: _____, 2026



Financial Services Audit Committee Communication

Date: May 22, 2026

To: Great Lakes Water Authority Audit Committee

From: Cindy Cezat, Director, Financial Management & Planning
Robert Arbaugh, Manager, Financial Planning & Analysis

Re: FY 2026 Fourth Quarter Budget Amendments for May 2026 and Proposed Budget Amendment Resolution

Background: In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee. When budget amendments are required at the appropriation level as defined by the fiscal year budget adoption resolution, the Audit Committee reviews the proposed budget amendments and forwards them to the Board of Directors with a recommendation.

Analysis: See attached report.

Proposed Action: The Audit Committee recommends that the Board of Directors for the Great Lakes Water Authority adopt the proposed FY 2026 fourth quarter budget amendments for May 2026 as presented.

..Title

FY 2026 Fourth Quarter Budget Amendments for May 2026 and Proposed Budget Amendment Resolution

..Body

Agenda of: May28, 2026

Item No.: **2026-187**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: May 28, 2026

RE: FY 2026 Fourth Quarter Budget Amendments for May 2026 and Proposed Budget Amendment Resolution

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), adopts the **proposed FY 2026 Fourth Quarter Budget Amendments for May 2026 as presented**; and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The founding legal documents for the Great Lakes Water Authority (GLWA) provide a structure for budget preparation, adoption, and amendment. The Board of Directors

adopts a biennial budget by resolution which specifies appropriation amounts which may be modified through budget amendments. To the extent that there is a proposed amendment of the budget among the appropriation categories, the matter is brought to the Audit Committee for review and consideration of a recommendation to the Board of Directors for their consideration for approval.

JUSTIFICATION

Attached is the communication to the Audit Committee, dated May 22, 2026 which presents the proposed budget amendments for the fourth quarter of FY 2026. The reports included in this communication include the following.

1. FY 2026 Fourth Quarter Budget Amendment Report for May 2026.
2. Resolution Adopting the FY 2026 Fourth Quarter Budget Amendments for May 2026.

BUDGET IMPACT

The overall budget, despite amendment, continues to be balanced.

COMMITTEE REVIEW

This matter was reviewed by the Audit Committee at its meeting on May 22, 2026. The Audit Committee *[insert action]* that the Board of Directors for the Great Lakes Water Authority adopt the proposed FY 2026 fourth quarter budget amendments.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.



**FY 2026 Fourth Quarter
Budget Amendment Report
For May 2026
& Proposed Budget Amendment
Resolution**

Presented to the Audit Committee
May 22, 2026



Contents

Executive Summary 3

Fourth Quarter Revenue Requirement Budget Amendment Analysis 4

Section 1 - Revenue Requirement - Water and Sewer Systems 4

Table 1A - Water System Revenue Requirement – Appropriation Level..... 5

Table 1B - Sewer System Revenue Requirement – Appropriation Level 7

Section 1 - Supplemental Information 9

Table 1C - Historical I&E Funding – Water and Sewer System..... 9

Table 1D - Operations & Maintenance by Fund 10

Table 1E - Operations and Maintenance by Service Area..... 10

Table 1F - Unallocated Reserve by Service Area..... 11

Table 1G - Enterprise-wide Operations & Maintenance by Expense Category 12

Table 1H -Operations & Maintenance Expense by Service Area and Expense Category..... 13

Section 2 - Debt Service – Water and Sewer Systems..... 15

Table 2A- Debt Service Coverage Calculation – Water System- Appropriation Level..... 16

Table 2B- Debt Service Coverage Calculation – Sewer System- Appropriation Level..... 17

Section 2 – Supplemental Information 18

Table 2C – Water System Flow of Funds Basis..... 18

Table 2D – Sewer System Flow of Funds Basis 19

Table 3A - Water System Improvement & Extension Fund - Appropriation Level 20

Table 3B - Sewer System Improvement & Extension Fund - Appropriation Level 22

Section 4 – Construction Funds 24

Table 4A - Water System Construction Fund – Appropriation Level 24

Table 4B - Sewer System Construction Fund – Appropriation Level 26

Section 5 – Proposed Budget Amendment Resolution 28

Executive Summary

In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented in addition to a corresponding budget amendment resolution. This budget amendment report is presented with tables followed by commentary.

Water System Executive Summary

For the fourth quarter FY 2026 budget amendment, the focus is on adjusting investment earnings based on actual rates and increases in and reallocation of the O&M budget between expense categories. Further details are provided in the accompanying budget analysis.

Revenue Requirement - Table 1A

Positive Variances

- ✓ \$3.3 million increase in investment earnings

Negative Variances

- ✓ \$6.9 million operations and maintenance expense due to an increase in personnel costs and contractual services for the fourth quarter.

The net impact of the above is negative with a \$3.0 million decrease in the Improvement & Extension Transfer pending year-end close for future paygo capital funding for the fourth quarter. Total decrease to date of \$4.4 million from the adopted budget.

Improvement & Extension - Table 3A

Aside from the transfer in decrease of \$3.0 million based on operational needs noted above, investment earnings and capital outlay have been adjusted based on current projections.

Construction Fund Adopted - Table 4A

The amendment is to align with the projected June 2026 bond transaction and adjusted investment earnings based on current projections.

Sewer System Executive Summary

For the fourth quarter FY 2026 budget amendment, the focus is on adjusting investment earnings based on actual rates and reallocation of the O&M budget between expense categories. Further details are provided in the accompanying budget analysis.

Revenue Requirement - Table 1B

Positive Variances

- ✓ \$5.5 million increase in investment earnings
- ✓ \$0.1 million decrease in operations and maintenance expense due to a decrease in allocated centralized and administrative services costs.



Negative Variances

✓ None

The net impact of the above is positive with a corresponding \$5.9 million increase in the Improvement & Extension Transfer. Total increase to date of \$8.0 million from the adopted budget. The headwind, however, is increasing capital program needs for aging infrastructure which has been communicated over the last year.

Improvement & Extension Adopted (Original Plan) vs. Forecasted Actual - Table 3B

Aside from the transfer in increase of \$5.9 million based on operational needs noted above, investment earnings and capital outlay have been adjusted based on current projections. There is also an amendment for a project which will be funded from the I&E Fund instead of the Construction Fund.

Construction Fund Adopted (Original Plan) vs. Forecasted Actual - Table 4B

The amendment is to align with the projected June bond transaction and adjusted investment earnings based on current projections. State revolving fund loan proceeds have also been adjusted to align with current projections.

Fourth Quarter Revenue Requirement Budget Amendment Analysis

Section 1 - Revenue Requirement - Water and Sewer Systems

Table 1A - Water System Revenue Requirement – Appropriation Level

Water System	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Revenues							
Revenue from Charges							
Wholesale Customers	\$ 365,646,100	\$ -	\$ -	\$ -	\$ -	\$ 365,646,100	\$ 277,754,124
Less: Bad Debt Expense	-	-	-	-	-	-	-
Charges to Local System	30,028,800	-	-	-	-	30,028,800	22,521,600
Total Revenue from Charges	395,674,900	-	-	-	-	395,674,900	300,275,724
Investment Earnings							
Unrestricted	4,654,800	-	-	-	2,022,200	6,677,000	4,950,493
I&E Fund Unrestricted	4,868,800	-	-	-	790,200	5,659,000	4,301,499
Restricted for Debt Service	3,260,100	-	-	-	460,900	3,721,000	2,395,220
Total Investment Earnings	12,783,700	-	-	-	3,273,300	16,057,000	11,647,212
Other Revenue	302,800	-	-	-	327,000	629,800	590,005
Total Revenues	\$ 408,761,400	\$ -	\$ -	\$ -	\$ 3,600,300	\$ 412,361,700	\$ 312,512,941
Revenue Requirements							
Operations & Maintenance Expense	\$ 182,456,000	\$ 1,453,400	\$ -	\$ 1,923,900	\$ 6,935,100	\$ 192,768,400	\$ 140,352,170
Debt Service	179,082,200	(1,395,800)	-	12,000	33,300	177,731,700	132,613,742
General Retirement System Pension	2,730,800	-	-	-	-	2,730,800	2,048,103
Water Residential Assistance Program Contribution	1,970,000	-	-	-	-	1,970,000	1,477,503
Extraordinary Repair & Replacement Deposit	320,000	-	-	-	(320,000)	-	-
Regional System Lease	22,500,000	-	-	-	-	22,500,000	16,875,000
Working Capital Requirement	600,000	(600,000)	-	-	-	-	-
Improvement & Extension Fund Transfer Pending	19,102,400	542,400	-	(1,935,900)	(3,048,100)	14,660,800	13,281,678
Total Revenue Requirements	\$ 408,761,400	\$ -	\$ -	\$ -	\$ 3,600,300	\$ 412,361,700	\$ 306,648,196
Net Actual to Date							\$ 5,864,745

Table 1A Commentary - Water System Revenue Requirement – Appropriation Level Revenues

- *Increase of \$3.3 million in Investment Earnings* – A rate of return of 3.3% was used at the time the budget was developed, with a 2% rate used for ER&R funds due to the longer maturity of the investments (which turned over to a higher rate during the year). Most of this increase is related to the actual rate of return being higher than anticipated. Some of the increase is related to cash balances being higher than anticipated.
- *Increase of \$0.3 million in Other Revenue* – Other revenues include mostly lead and copper rule sample testing fees and energy rebates. Energy rebates are not included in the adopted budget as they are not known in advance. Energy rebates of \$313,522 have been received through March 31, 2026.

Revenue Requirements

The increase to the Revenue Requirements consists of the following:

- *Increase of \$6.9 million in Operation & Maintenance Expense* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.
- *Debt Service increased \$33,300* – The increase is due to the new money bond issue being higher than anticipated and represents one month interest expense on the increase in the bond issue than was anticipated. See Table 4A - Water System Construction Fund for details on the new bond issue.
- *Decrease of \$0.3 million to the Extraordinary Repair & Replacement Fund* – No additional funds are anticipated for FY 2026. The balance in the fund will be analyzed in June to determine the amount needed to be transferred on July 1, 2026.

The overall net of the changes to the revenue and revenue requirements results in a decrease in transfers to the Improvement & Extension Fund of \$3.0 million.

Table 1B - Sewer System Revenue Requirement – Appropriation Level

Sewer System	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Revenues							
Revenue from Charges							
Wholesale Customers	\$ 300,316,800	\$ -	\$ -	\$ -	\$ -	\$ 300,316,800	\$ 224,983,538
Less: Bad Debt Expense	-	-	-	-	-	-	-
Charges to Local System	215,324,400	-	-	-	-	215,324,400	161,493,300
Industrial Waste Control	9,150,300	-	-	-	-	9,150,300	6,972,882
Pollutant Surcharges	5,112,700	-	-	-	-	5,112,700	3,539,694
Total Revenue from Charges	529,904,200	-	-	-	-	529,904,200	396,989,414
Investment Earnings							
Unrestricted	5,087,300	-	-	-	4,250,700	9,338,000	7,004,601
I&E Fund Unrestricted	5,451,500	-	-	-	1,116,500	6,568,000	4,801,374
Restricted for Debt Service	4,076,400	-	-	-	152,600	4,229,000	2,820,030
Total Investment Earnings	14,615,200	-	-	-	5,519,800	20,135,000	14,626,005
Other Revenue	442,600	-	-	-	-	442,600	294,444
Total Revenues	\$ 544,962,000	\$ -	\$ -	\$ -	\$ 5,519,800	\$ 550,481,800	\$ 411,909,863
Revenue Requirements							
Operations & Maintenance Expense	\$ 236,098,700	\$ 1,453,300	\$ -	\$ 1,010,400	\$ (132,600)	\$ 238,429,800	\$ 177,770,615
Debt Service	220,884,500	(4,610,700)	-	-	(246,600)	216,027,200	162,358,007
General Retirement System Pension	5,632,800	-	-	-	-	5,632,800	4,224,600
Water Residential Assistance							
Program Contribution	2,638,500	-	-	-	-	2,638,500	1,978,875
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-	-
Regional System Lease	27,500,000	-	-	-	-	27,500,000	20,625,000
Working Capital Requirement	-	-	-	-	-	-	-
Improvement & Extension Fund							
Transfer Pending	52,207,500	3,157,400	-	(1,010,400)	5,899,000	60,253,500	40,765,878
Total Revenue Requirements	\$ 544,962,000	\$ -	\$ -	\$ -	\$ 5,519,800	\$ 550,481,800	\$ 407,722,975
Net Actual to Date							\$ 4,186,888

Table 1B Commentary - Sewer System Revenue Requirement – Appropriation Level

Revenues

- *Increase of \$5.5 million in Investment Earnings* – A rate of return of 3.3% was used at the time the budget was developed, with a 2% rate used for ER&R funds due to the longer maturity of the investments (which turned over to a higher rate during the year). Part of this increase is related to the actual rate of return being higher than anticipated. Part of the increase is related to cash balances being higher than anticipated.

Revenue Requirements

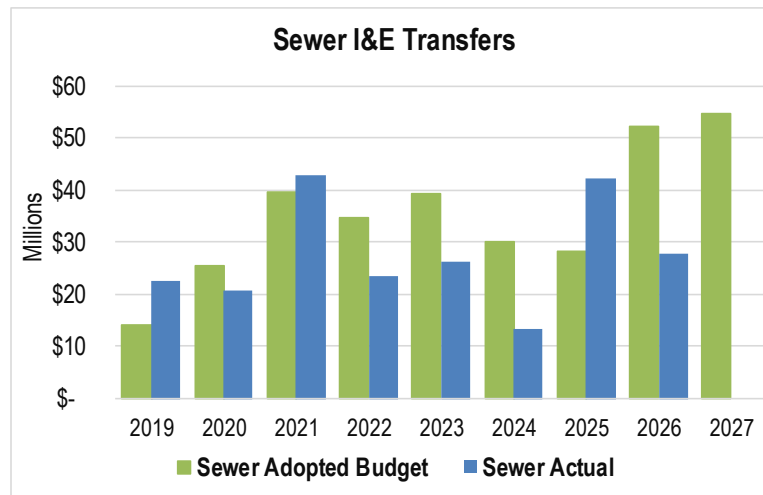
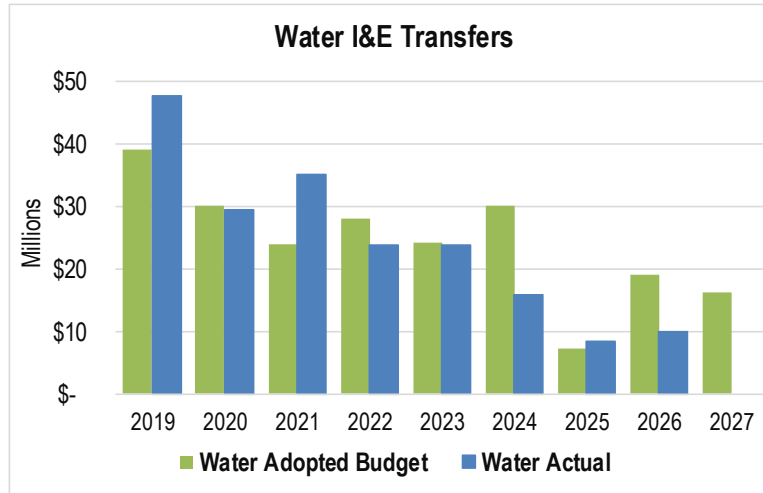
The decrease to the Revenue Requirements consists of the following:

- *Decrease in Operations & Maintenance Expense of \$0.1 million* – See Table 1H Supplemental Information - Operations & Maintenance by Expense Category for a detailed explanation of the operations and maintenance budget amendments.
- *Debt Service decreased \$0.3 million* – The decrease is due to the interest expense on the variable rate debt being less than anticipated and draws on the state revolving funds being slower than anticipated.

The overall net of the changes to the revenue and revenue requirements results in an increase to the Improvement & Extension Fund of \$5.9 million.

Section 1 - Supplemental Information

Table 1C - Historical I&E Funding – Water and Sewer System



The current FY 2026 budget amendment results in less funds being available for I&E purposes for the water fund and additional funds being available for the sewage disposal fund, assuming there will be no additional increases in operations and maintenance expenses for the rest of the fiscal year. Actual for FY 2026 is based on actual transfers made through March 31, 2026. It should be noted that increases help to offset the amount of bond funding needed for capital financing to help deleverage the systems.

Table 1D - Operations & Maintenance by Fund

System	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Water System	\$ 182,456,000	\$ 1,453,400	\$ -	\$ 1,923,900	\$ 6,935,100	\$ 192,768,400	\$ 140,352,170
Sewer System	236,098,700	1,453,300	-	1,010,400	(132,600)	238,429,800	177,770,615
Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 6,802,500	\$ 431,198,200	\$ 318,122,785

Totals may be off due to rounding.

Table 1E - Operations and Maintenance by Service Area

Operating Area	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
A Water System Operations	\$ 101,500,700	\$ -	\$ -	\$ 588,800	\$ 6,601,300	\$ 108,690,800	\$ 77,556,437
B Wastewater System Operations	156,572,600	-	-	-	-	156,572,600	117,648,231
C Centralized Services	117,387,600	2,871,900	-	1,504,100	(1,501,800)	120,261,800	88,725,089
D Administrative Services	43,093,800	34,800	-	841,400	1,703,000	45,673,000	34,002,731
Employee Benefits	-	-	-	-	-	-	190,297
Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 6,802,500	\$ 431,198,200	\$ 318,122,785

Totals may be off due to rounding.

The \$6.8 million increase in FY 2026 Q4 budget amendments is attributable mostly to an increase of \$6.0 million in contractual services.

Table 1F - Unallocated Reserve by Service Area

O&M Unallocated Reserves	FY 2026					
	Adopted Budget	Amendments				Amended Budget
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
Water System Operations	\$2,113,200	\$(1,625,300)	\$ -	\$ (487,900)	\$ -	\$ -
Wastewater System Operations	3,176,400	(692,800)	-	(1,491,000)	(549,600)	443,000
Centralized Services	2,388,800	(2,388,800)	-	-	-	-
Administrative & Other Services	847,800	(847,800)	-	-	-	-
Total	\$8,526,200	\$(5,554,700)	\$ -	\$(1,978,900)	\$ (549,600)	\$443,000

Totals may be off due to rounding.

An Unallocated Reserve account is established for each of the four service areas. A budget is assigned to these accounts to cover expenditures not known or quantifiable at the time the budget is developed (merit increases, fluctuations within maintenance contracts and usage of utilities and chemicals, projects and initiatives not planned at the time the initial budget was developed, etc.). It is GLWA’s internal budget directive for each area, group, and team to manage their needs to an amount within the initial budget. If required, an amendment is made from the unallocated reserve. If a service area does not require as much funding as was established in the original budget, that department’s budgeted expenses are reduced, and the unallocated reserve is increased. A portion of the unallocated reserves were used to offset the increase in costs for operations and maintenance for the first, third and fourth quarter budget amendments.

Table 1G - Enterprise-wide Operations & Maintenance by Expense Category

O&M Expense Categories	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Personnel Costs	\$ 138,905,400	\$ 5,228,700	\$ -	\$ 4,913,200	\$ 2,766,300	\$ 151,813,600	\$ 114,800,396
Utilities	73,078,800	-	-	(105,600)	(418,500)	72,554,700	52,775,622
Chemicals	38,364,600	(1,175,600)	-	(2,669,100)	(884,300)	33,635,600	23,494,821
Supplies & Other	45,211,200	304,800	-	894,210	(113,200)	46,297,010	35,136,433
Contractual Services	120,208,200	4,058,200	-	1,880,490	6,001,800	132,148,690	96,316,023
Capital Program Allocation	(3,430,600)	-	-	-	-	(3,430,600)	(2,312,846)
Shared Services	(2,309,100)	45,300	-	-	-	(2,263,800)	(2,087,664)
Intergovernmental Agreement	-	-	-	-	-	-	-
Unallocated Reserve	8,526,200	(5,554,700)	-	(1,978,900)	(549,600)	443,000	-
Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 6,802,500	\$ 431,198,200	\$ 318,122,785

Totals may be off due to rounding.

The table above presents the Operations & Maintenance budget by the major expense categories enterprise wide. Further explanation of the proposed amendment is shown in Table 1H and explained by the four service areas: A - Water System Operations, B - Sewer System Operations, C - Centralized Services, and D - Administrative & Other Services.

Table 1H -Operations & Maintenance Expense by Service Area and Expense Category

Operating Area	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
A Water System Operations	\$ 101,500,700	\$ -	\$ -	\$ 588,800	\$ 6,601,300	\$ 108,690,800	\$ 77,556,437
Personnel Costs	27,021,300	1,097,300	-	1,076,700	2,711,500	31,906,800	24,007,811
Utilities	33,668,800	528,000	-	-	(840,900)	33,355,900	24,113,411
Chemicals	14,904,300	-	-	(669,100)	86,800	14,322,000	9,800,657
Supplies & Other	6,117,900	-	-	669,100	326,500	7,113,500	5,791,858
Contractual Services	19,295,100	-	-	-	4,317,400	23,612,500	15,116,213
Capital Program Allocation	(1,619,900)	-	-	-	-	(1,619,900)	(1,273,514)
Unallocated Reserve	2,113,200	(1,625,300)	-	(487,900)	-	-	-
B Wastewater System Operations	\$ 156,572,600	\$ -	\$ -	\$ -	\$ -	\$ 156,572,600	\$ 117,648,231
Personnel Costs	44,276,900	1,363,400	-	1,491,000	771,300	47,902,600	36,219,667
Utilities	39,029,400	(528,000)	-	(105,600)	394,800	38,790,600	28,380,617
Chemicals	23,460,300	(1,175,600)	-	(2,000,000)	(971,100)	19,313,600	13,694,164
Supplies & Other	19,286,600	304,800	-	225,110	90,300	19,906,810	16,197,149
Contractual Services	29,655,800	728,200	-	1,880,490	264,300	32,528,790	24,669,310
Capital Program Allocation	(1,598,500)	-	-	-	-	(1,598,500)	(776,327)
Shared Services	(714,300)	-	-	-	-	(714,300)	(736,349)
Unallocated Reserve	3,176,400	(692,800)	-	(1,491,000)	(549,600)	443,000	-
C Centralized Services	\$ 117,387,600	\$ 2,871,900	\$ -	\$ 1,504,100	\$ (1,501,800)	\$ 120,261,800	\$ 88,725,089
Personnel Costs	43,371,200	1,895,400	-	1,504,100	(919,500)	45,851,200	34,763,782
Utilities	174,400	-	-	-	27,600	202,000	167,067
Supplies & Other	17,139,900	-	-	-	(730,000)	16,409,900	11,269,336
Contractual Services	55,935,900	3,330,000	-	-	120,100	59,386,000	44,015,646
Capital Program Allocation	(212,200)	-	-	-	-	(212,200)	(263,005)
Shared Services	(1,410,400)	35,300	-	-	-	(1,375,100)	(1,227,737)
Unallocated Reserve	2,388,800	(2,388,800)	-	-	-	-	-
D Administrative & Other Services	\$ 43,093,800	\$ 34,800	\$ -	\$ 841,400	\$ 1,703,000	\$ 45,673,000	\$ 34,002,732
Personnel Costs	24,236,000	872,600	-	841,400	203,000	26,153,000	19,618,839
Utilities	206,200	-	-	-	-	206,200	114,527
Supplies & Other	2,666,800	-	-	820,000	200,000	3,686,800	1,878,090
Contractual Services	15,321,400	-	-	(820,000)	1,300,000	15,801,400	12,514,855
Capital Program Allocation	-	-	-	-	-	-	-
Shared Services	(184,400)	10,000	-	-	-	(174,400)	(123,579)
Unallocated Reserve	847,800	(847,800)	-	-	-	-	-
Employee Benefits							\$ 190,297
Grand Total	\$ 418,554,700	\$ 2,906,700	\$ -	\$ 2,934,300	\$ 6,802,500	\$ 431,198,200	\$ 318,122,785

Table 1H Commentary – Operations & Maintenance Expense by Service Area and Expense Category

A – Water System Operations – Net increase = \$6.6 million

- *Personnel* – Increase of \$2.7 million – Due mostly to promotions, progressions and market adjustments, as well as overtime pay for hourly team member positions higher than that was budgeted for in the unallocated category.
- *Utilities* – Decrease of \$0.8 million – Decrease in electric costs due to the impact of the change to the power supply generation factor, in March of 2026, having a smaller impact on water facilities compared to sewer facilities, increasing 23% to 28%. Demand charges also have an impact on the overall cost changes.
- *Chemicals* – Increase of \$0.1 million – Due to a combination increased pricing and of lower volume than forecast.
- *Supplies & Other* – Increase \$0.3 million – Due to maintenance of equipment costs and increased activity.
- *Contractual Services* - Increase \$4.3 million – Due to dredging of sediment removed from the source water through the treatment process.

B – Wastewater System Operations – Net decrease = \$0.0 million.

- *Personnel* – Increase of \$0.8 million – Due mostly to filling of positions budgeted at less than full-time as well as hiring for positions budgeted as contractors.
- *Utilities* – Increase of \$0.4 million – Increase in electrical costs due to power supply generation factor having a greater impact on wastewater facilities, in particular the water resource recovery facility compared to water facilities, increasing 24% to 40%. Demand charges also have an impact on the overall cost changes, in particular wet-weather facilities.
- *Chemicals* – Decrease of \$1.0 million – Mostly due to decrease in chemical volumes.
- *Supplies & Other* – Increase of \$0.1 million – Due to maintenance of the combined sewer overflow facilities.
- *Contractual Services* – Increase of \$0.3 million – Mostly due to increased electrical maintenance and odor control at sewage pumping facilities.
- *Unallocated Reserve* - Decrease of \$0.5 million – Adjusted down to offset the Wastewater O&M cost increases.

C – Centralized Services – Net Decrease = \$1.5 million

- *Personnel* – Decrease of \$0.9 million – Due mostly to workforce development positions budgeted where the apprentice may work in a number of locations, with costs incurred in other cost groups.
- *Utilities* – Increase of \$28 thousand – Increase in electrical costs mostly due to power generation charges by the supplier.
- *Supplies & Other* – Decrease of \$0.7 million – Mostly due to reduced need to replace tablets used with the enterprise asset management system.
- *Contractual Services* – Increase of \$0.1 million – Due to several factors. Increase in water main repair costs (\$1.2 million), increased shared services costs with DWSD

(\$0.7 million), and increased costs for on-site fuel tank and vehicle maintenance (\$0.7 million). This is offset by reduced technical labor support (\$1.2 million), decreased project management due to insourcing tasks (\$0.9 million), and reduced cost for technology emergency backup services (\$0.3 million).

D – Administrative & Other Services – Net increase = \$1.7 million

- *Personnel* – Increase of \$0.2 million – Due mostly to filling of positions budgeted at less than full-time.
- *Supplies & Other* – Increase of \$0.2 million – Due to increase team member training.
- *Contractual Services* – Increase of \$1.3 million – Mostly due to risk management forecast.

Section 2 - Debt Service – Water and Sewer Systems

For purposes of Debt Service coverage, we look at the combined Regional and Local (DWSD) revenue less operations & maintenance (O&M) expense to determine net revenues to calculate the Debt Service Coverage. The Board adopts the Total Debt Service** amount shown on the Water System Debt Service Coverage Calculation Table 2A and the Sewer System Debt Service Coverage Calculation Table 2B. This is the amount necessary to pay the principal and interest on all Sewer System bonds.

Table 2A- Debt Service Coverage Calculation – Water System- Appropriation Level

Water System Debt Service Coverage Calculation	FY 2026										
	Adopted Budget	Amendments								Amended Budget	
		1st Quarter		2nd Quarter		3rd Quarter		4th Quarter			
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System		Adjustment to Local System
Revenues											
GLWA Revenues											
Wholesale Charges	\$ 365,646,100	\$ -			\$ -		\$ -		\$ -	\$ -	\$ 365,646,100
Local System Charges	30,028,800	-			-		-		-	-	30,028,800
Investment Earnings & Other Revenues	13,086,500	-			-		-		3,600,300	-	16,686,800
Total GLWA Revenues	408,761,400	-	-	-	-	-	-	3,600,300	-	-	412,361,700
Local System Revenues	94,132,300		(100)	-		-		-		-	94,132,200
Local System Miscellaneous Revenue	5,124,000		-	-		-		-		-	5,124,000
Total Revenues	508,017,700	-	(100)	-	-	-	-	3,600,300	-	-	511,617,900
Operations & Maintenance Transfers											
GLWA Regional System	182,456,000	1,453,400	-		-		1,923,900		6,935,100	-	192,768,400
DWSD Local System	48,484,000		1,200,000	-		-			-	-	49,684,000
Total Operations & Maintenance Transfers	230,940,000	1,453,400	1,200,000	-	-	-	1,923,900	-	6,935,100	-	242,452,400
Pledged Revenue	\$ 277,077,700	\$(1,453,400)	\$ (1,200,100)	\$ -	\$ -	\$ -	\$(1,923,900)	\$ -	\$(3,334,800)	\$ -	\$ 269,165,500
Debt Service by Lien											
Senior Lien Bonds	\$ 153,735,500	\$(6,752,700)	\$ -	\$ -	\$ -	\$ -			\$ 33,300	\$ -	\$ 147,016,100
Second Lien Bonds	50,697,200	5,548,200	-	-	-	-			-	-	56,245,400
Junior Lien Bonds	19,843,600	(191,300)	-	(40,900)	-	-	12,000		-	(24,900)	19,598,500
Total Debt Service **	\$ 224,276,300	\$(1,395,800)	\$ -	\$ (40,900)	\$ -	\$ -	\$ 12,000	\$ -	\$ 33,300	\$ (24,900)	\$ 222,860,000
Debt Service Coverage											
Senior Lien Bonds	1.80										1.83
Senior and Second Lien Bonds	1.36										1.32
All bonds, including SRF Junior Lien Bonds	1.24										1.21

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for changes in debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately show the debt service requirements.

** Total Debt Service, highlighted in dark grey in the above table, is adopted by the GLWA Board.

Table 2B- Debt Service Coverage Calculation – Sewer System- Appropriation Level

Sewer System Debt Service Coverage Calculation	Adopted Budget	FY 2026 Amendments								Amended Budget	
		1st Quarter			2nd Quarter		3rd Quarter		4th Quarter		
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System		Adjustment to Local System
Revenues											
GLWA Revenues											
Wholesale Charges	\$ 314,579,800	\$ -			\$ -		\$ -		\$ -	\$ -	\$ 314,579,800
Local System Charges	215,324,400	-			-		-		-	-	215,324,400
Investment Earnings & Other Revenues	15,057,800	-			-		-		5,519,800	-	20,577,600
Total GLWA Revenues	544,962,000	-			-		-		5,519,800	-	550,481,800
Local System Revenues	90,218,500		(2,160,600)	-							88,057,900
Local System Miscellaneous Revenue	8,320,000			-							8,320,000
Total Revenues	643,500,500	-	(2,160,600)	-	-		-		5,519,800	-	646,859,700
Operations & Maintenance Transfers											
GLWA Regional System	236,098,700	1,453,300			-		1,010,400		(132,600)	-	238,429,800
DWSD Local System	60,104,400		(100)	-						-	60,104,300
Total Operations & Maintenance Transfers	296,203,100	1,453,300	(100)	-	-		1,010,400		(132,600)	-	298,534,100
Pledged Revenue	\$ 347,297,400	\$(1,453,300)	\$ (2,160,500)	\$ -	\$ -	\$ -	\$(1,010,400)	\$ -	\$ 5,652,400	\$ -	\$ 348,325,600
Debt Service by Lien											
Senior Lien Bonds	\$ 158,579,500	\$(4,318,500)	\$ -	\$ -	\$ -				\$ (181,600)	\$ -	\$ 154,079,400
Second Lien Bonds	56,447,200	144,000	-	-					-	-	56,591,200
Junior Lien Bonds	38,107,400	(436,200)	-	(90,600)				15,000	(65,000)	(2,300)	37,528,300
Total Debt Service **	\$ 253,134,100	\$(4,610,700)	\$ -	\$ (90,600)	\$ -	\$ -	\$ -	\$ 15,000	\$ (246,600)	\$ (2,300)	\$ 248,198,900
Debt Service Coverage											
Senior Lien Bonds	2.19										2.26
Senior and Second Lien Bonds	1.62										1.65
All bonds, including SRF Junior Lien Bonds	1.37										1.40

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for changes in debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately show the debt service requirements.

** Total Debt Service, highlighted in dark grey in the above table, is adopted by the GLWA Board.



Quarterly Budget Amendment Report
 FY 2026 Ending May 31, 2026

Section 2 – Supplemental Information

Tables 2C and 2D are provided to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance flow of funds.

Table 2C – Water System Flow of Funds Basis

Water System Flow of Funds Basis	Adopted Budget	FY 2026 Amendments								Amended Budget	
		1st Quarter			2nd Quarter		3rd Quarter		4th Quarter		
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System		Adjustment to Local System
Revenues											
Regional System Revenues											
Wholesale Charges	\$ 365,646,100	\$ -			\$ -		\$ -		\$ -	\$ -	
Charges to Local System	30,028,800	-			-		-		-	-	
Total Regional System Wholesale Revenues	395,674,900	-			-		-		-	-	
DWSD Local System Revenues -											
Detroit Customers	94,132,300		(100)	-		-		-		-	
Local System Miscellaneous Revenue	5,124,000		-	-		-		-		-	
Investment Earnings & Other Revenues (Regional System)	13,086,500		-	-		-		3,600,300		-	
Total Revenues	\$ 508,017,700	\$ -	\$ (100)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600,300	\$ -	
Revenue Requirements											
Operations & Maintenance Expense											
Regional System	\$ 182,456,000	\$ 1,453,400			\$ -		\$ 1,923,900	\$ -	\$ 6,935,100	\$ -	
Local System	49,661,500		1,200,000	-		-				-	
Less Shared Service Revenue	(1,177,500)			-		-				-	
Net Local System O&M Transfer	48,484,000		1,200,000	-		-				-	
Total Operations & Maintenance Expense	230,940,000	1,453,400	1,200,000	-	-	-	1,923,900	-	6,935,100	-	
Nonoperating Requirements											
Allocable Debt Service											
Regional System	179,082,200	(1,395,800)			-		12,000		33,300	-	
Local System	45,194,100		-	(40,900)		-				(24,900)	
GRS Pension											
Regional System	2,730,800		-	-		-				-	
Local System	1,928,400		-	-		-				-	
WRAP Contribution											
Regional System	1,970,000		-	-		-				-	
Local System	945,400		-	-		-				-	
ER&R Fund Deposit	320,000		-	-		-			(320,000)	-	
Working Capital Requirement	600,000	(600,000)								-	
Lease Payment to Local System I&E Account	22,500,000		-	-		-				-	
Reserve for Revenue Financed Capital from Net Revenues											
Regional System	19,102,400	542,400					(1,935,900)			-	
Local System	2,704,400		(1,200,100)	40,900						24,900	
Total Revenue Requirements	\$ 508,017,700	\$ -	\$ (100)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,648,400	\$ -	

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for increased debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately calculate the debt service coverage.

Table 2D – Sewer System Flow of Funds Basis

Sewer System Flow of Funds Basis	Adopted Budget	FY 2026 Amendments								Amended Budget
		1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		
		Regional System	Local System Adjustment to Adopted	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	Adjustment to Local System	Regional System	
Revenues										
Regional System Revenues										
Wholesale Charges	\$ 300,316,800	\$ -			\$ -		\$ -	\$ -	\$ -	\$ 300,316,800
Charges to Local System	215,324,400	-			-		-	-	-	215,324,400
Industrial Waste Control	9,150,300	-			-		-	-	-	9,150,300
Pollutant Surcharges	5,112,700	-			-		-	-	-	5,112,700
Total Regional System Wholesale Revenues	529,904,200	-			-		-	-	-	529,904,200
DWSD Local System Revenues -										
Detroit Customers	90,218,500		(2,160,600)	-	-		-		-	88,057,900
Local System Miscellaneous Revenue	8,320,000		-	-	-		-		-	8,320,000
Other Revenues & Investment Earnings (Regional System)	15,057,800		-	-	-		-	5,519,800	-	20,577,600
Total Revenues	\$ 643,500,500	\$ -	\$ (2,160,600)	\$ -	\$ -	\$ -	\$ -	\$ 5,519,800	\$ -	\$ 646,859,700
Revenue Requirements										
Operations & Maintenance Expense										
Regional System	\$ 236,098,700	\$ 1,453,300			\$ -		\$ 1,010,400	\$ -	\$ (132,600)	\$ 238,429,800
Local System	61,426,900		(100)	-	-		-	-	-	61,426,800
Less Shared Service Revenue	(1,322,500)		-	-	-		-	-	-	(1,322,500)
Net Local System O&M Transfer	60,104,400		(100)	-	-		-	-	-	60,104,300
Total Operations & Maintenance Expense	296,203,100	1,453,300	(100)	-	-	-	1,010,400	-	(132,600)	298,534,100
Nonoperating Requirements										
Allocable Debt Service										
Regional System	220,884,500	(4,610,700)			-		-	-	(246,600)	216,027,200
Local System	32,249,600		-	(90,600)	-		15,000		(2,300)	32,171,700
GRS Pension										
Regional System	5,632,800		-	-	-		-	-	-	5,632,800
Local System	1,487,400		-	-	-		-	-	-	1,487,400
WRAP Contribution										
Regional System	2,638,500		-	-	-		-	-	-	2,638,500
Local System	1,433,200		(5,700)	-	-		-	-	-	1,427,500
ER&R Fund Deposit	-		-	-	-		-	-	-	-
Working Capital Requirement	-		-	-	-		-	-	-	-
Lease Payment to Local System I&E Account	27,500,000		-	-	-		-	-	-	27,500,000
Reserve for Revenue Financed Capital from Net Revenues										
Regional System	52,207,500	3,157,400			-		(1,010,400)	5,899,000	-	60,253,500
Local System	3,263,900		(2,154,800)	90,600	-		(15,000)		2,300	1,187,000
Total Revenue Requirements	\$ 643,500,500	\$ -	\$ (2,160,600)	\$ -	\$ -	\$ -	\$ -	\$ 5,519,800	\$ -	\$ 646,859,700

* Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The adopted GLWA budget was based on preliminary DWSD budget information. The first quarter Local System Adjustment to Adopted column is to align the schedule with the DWSD budget which was adopted on March 19, 2025. The Adjustment to Local System columns is for increased debt requirements related to SRF loans. DWSD has not amended their budget, however it is reflected here in order to accurately calculate the debt service coverage.

Section 3 - Improvement & Extension Funds

Table 3A - Water System Improvement & Extension Fund - Appropriation Level

Water Improvement & Extension Fund	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Inflows							
Transfer from Water Operations Fund - Revenue Transfers	\$ 19,102,400	\$ 542,400	\$ -	\$ (1,935,900)	\$ (3,048,100)	\$ 14,660,800	\$ 13,281,678
Grant Revenues & Capital Contributions	-	-	-	-	-	-	-
Investment Earnings (a)	4,868,800	-	-	-	790,200	5,659,000	4,301,499
Total Inflows	23,971,200	542,400	-	(1,935,900)	(2,257,900)	20,319,800	17,583,177
Outflows							
Capital Outlay	11,691,400	-	-	658,800	137,000	12,487,200	5,463,141
Transfer to Water Operations Fund - Investment Earnings (a)	4,868,800	-	-	-	790,200	5,659,000	3,057,503
Capital Improvement Plan funded by I&E	-	-	-	-	-	-	-
Transfer to Construction Fund- Revenue Financed Capital	9,250,000	(9,250,000)	-	-	-	-	-
Total Outflows	25,810,200	(9,250,000)	-	658,800	927,200	18,146,200	8,520,644
Net Increase (Use) of Reserves	(1,839,000)	9,792,400	-	(2,594,700)	(3,185,100)	2,173,600	9,062,533
Non-budgeted Inflows (Outflows)							
Unrealized gain on investments	-	-	-	-	-	-	149,201
Change in Net Position	(1,839,000)	9,792,400	-	(2,594,700)	(3,185,100)	2,173,600	9,211,734
Beginning Net Position	147,797,600					147,797,600	147,797,649
Projected Ending Net Position	\$ 145,958,600	\$ 9,792,400	\$ -	\$ (2,594,700)	\$ (3,185,100)	\$ 149,971,200	\$ 157,009,383

a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

Table 3A Commentary – Water System Improvement & Extension Fund - Appropriation Level

Inflows

- *Transfers from Water Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2026 revenue requirement based upon general operating fund performance. (see Table 1A - Appropriation Level - Water System Revenue Requirement line item for I&E Fund Transfer Pending).
- *Grant Revenues & Capital Contributions* – There is no change in the budget for this quarter related to grant funds.
- *Investment Earnings* – Increase of \$0.8 million – Due to interest rates being higher than budget.

Outflows

- *Capital Outlay* – Increase of \$0.1 Million – Most of this is for four Trane unit heaters for the Water Works Park residual area. They are needed to reduce the icing conditions experienced this past winter. The other item is a \$25,000 allocation for a centralized service project of carpeting for the 11th floor of the MOB.
- *Capital Improvement Plan funded by I&E* - No budget amendment is required. This line represents the construction and design costs of projects in the Board adopted capital improvement plan (CIP) that will be targeted as paygo projects.
- *Transfer to Construction Fund - Revenue Financed Capital* – No budget amendment is required. This line represents the target use of I&E funds for capital expenditures that are not tied to any specific project.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

Table 3B - Sewer System Improvement & Extension Fund - Appropriation Level

Sewer Improvement & Extension Fund	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Inflows							
Transfer from Sewer Operations							
Fund - Revenue Transfers	\$ 52,207,500	\$ 3,157,400	\$ -	\$ (1,010,400)	\$ 5,899,000	\$ 60,253,500	\$ 40,765,878
Grant Revenues & Capital Contributions	-	-	-	-	-	-	-
Investment Earnings (a)	5,451,500	-	-	-	1,116,500	6,568,000	4,801,374
Total Inflows	57,659,000	3,157,400	-	(1,010,400)	7,015,500	66,821,500	45,567,252
Outflows							
Capital Outlay	11,779,500	-	-	(1,519,700)	25,000	10,284,800	5,343,116
Transfer to Sewer Operations							
Fund - Investment Earnings (a)	5,451,500	-	-	-	1,116,500	6,568,000	3,357,259
Capital Spending Other (net of ILAG)	-	-	-	-	-	-	3,149
Capital Improvement Plan funded by I&E	-	-	-	-	42,000,000	42,000,000	-
Transfer to Construction Fund- Revenue Financed Capital	26,250,000	9,750,000	-	-	(36,000,000)	-	-
Total Outflows	43,481,000	9,750,000	-	(1,519,700)	7,141,500	58,852,800	8,703,524
Net Increase (Use) of Reserves	14,178,000	(6,592,600)	-	509,300	(126,000)	7,968,700	36,863,728
Non-budgeted Inflows (Outflows)							
Unrealized gain on investments	-	-	-	-	-	-	171,901
Change in Net Position	14,178,000	(6,592,600)	-	509,300	(126,000)	7,968,700	37,035,629
Beginning Net Position	173,729,100					173,729,100	173,729,094
Projected Ending Net Position	\$ 187,907,100	\$ (6,592,600)	\$ -	\$ 509,300	\$ (126,000)	\$ 181,697,800	\$ 210,764,723

(a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

**Table 3B Commentary- Sewer System Improvement & Extension Fund -
Appropriation Level**

Inflows

- *Transfer from Sewer Operations Fund – Revenue Transfers* - The proposed budget amendment is to match the amount available for transfer from the FY 2026 revenue requirement based upon general operating fund performance. (see Table 1B - Appropriation Level - Sewer System Revenue Requirement line item I&E Fund Transfer Pending).
- *Grant Revenues & Capital Contributions* – There is no change in the budget for this quarter related to grant funds.
- *Investment Earnings* - Increase of \$1.1 million – Due to interest rates being higher than projected.

Outflows

- *Capital Outlay* – Increase of \$25 thousand – There are multiple line items for various wastewater departments that net to zero. The \$25 thousand is the allocation for a centralized service project of carpeting for the 11th floor of the MOB.
- *Capital Improvement Plan funded by I&E* - This line represents the construction and design costs of projects in the Board adopted capital improvement plan (CIP) that will be targeted as paygo projects. As we work through creating new procedures on how to implement using I&E funds within the accounting system, it was determined that identifying specific projects for I&E funding would work best, as transferring I&E funds into the Construction Fund creates additional accounting for the arbitrage calculations. Project 211007-WRRF PS #2 Bar Racks Replacement and Grit Collection System Improvement has been identified as a project that aligns with the current targeted use of I&E funds. The design and construction portion of project 211007 costs will be paid for with I&E funds. This amendment is for the estimated construction and design costs on this project in FY 2026.
- *Transfer to Construction Fund - Revenue Financed Capital* –This line represents the target use of I&E funds for capital expenditures that are not tied to any specific project. A specific project has been identified for use of I&E funds for FY 2026, see previous paragraph. The amendment is to decrease the transfer to the construction fund.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.



Quarterly Budget Amendment Report
FY 2026 Ending May 31, 2026

Section 4 – Construction Funds

Table 4A - Water System Construction Fund – Appropriation Level

Water Construction Fund	Adopted Budget	FY 2026 Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Inflows							
Transfer from Water Improvement & Extension Fund	\$ 9,250,000	\$ (9,250,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in from Water Operations Fund							
Bond Proceeds	222,000,000	(20,000,000)	-	(44,000,000)	56,161,300	214,161,300	-
SRF loan proceeds	1,369,200	5,000,000	-	373,200	-	6,742,400	6,622,722
Grant Revenues & Capital Contributions	2,300,000	2,000,000	-	(2,102,900)	(1,899,000)	298,100	298,168
Investment Earnings	5,565,100	(2,000,000)	-	-	3,991,900	7,557,000	5,912,844
Total Inflows	240,484,300	(24,250,000)	-	(45,729,700)	58,254,200	228,758,800	12,833,734
Outflows							
Capital Program	185,000,000	-	-	(20,000,000)	-	165,000,000	99,041,488
Transfer to Water Operations Fund							
Bond Cost of Issuance	1,665,000	-	-	(480,000)	4,551,300	5,736,300	-
Total Outflows	186,665,000	-	-	(20,480,000)	4,551,300	170,736,300	99,041,488
Net Increase (Use) of Reserves	53,819,300	(24,250,000)	-	(25,249,700)	53,702,900	58,022,500	(86,207,754)
Beginning Net Position	270,178,200					270,178,200	270,178,152
Projected Ending Net Position	\$ 323,997,500	\$ (24,250,000)	\$ -	\$ (25,249,700)		\$ 328,200,700	\$ 183,970,398
CIP Plan							
Capital Improvement Plan	\$ 183,064,000			\$ 183,743,000		\$ 183,743,000	
Capital Spend Rate Adjustment	-			(22,049,160)		(22,049,160)	
Projected CIP	\$ 183,064,000			\$ 161,693,840		\$ 161,693,840	
Capital Spend Rate Assumption	100%			88%		88%	
Actual Capital Spend to Projected CIP Ratio							61%
CIP Financial Plan							
CIP Expenditures paid through Construction Fund	\$ 185,000,000	\$ -	\$ -	\$ (20,000,000)	\$ -	\$ 165,000,000	\$ 99,041,488
CIP Expenditures paid through I&E Fund	-	-	-	-	-	-	-
Financial Plan (Budgeted) CIP Expenditures	\$ 185,000,000	\$ -	\$ -	\$ (20,000,000)	\$ -	\$ 165,000,000	\$ 99,041,488
Actual Capital Spend to Amended Financial Plan Ratio							60%

Table 4A Commentary - Water System Construction Fund – Appropriation Level

Inflows

- *Transfers from Water Improvement & Extension Fund* - No budget amendment is required.

- *Bond Proceeds* – Amendment is based on projected June 2026 new money bond transaction for capital needs. It also includes the bond proceeds for the cost of issuance for both the refunding and new money bonds which will be paid directly by the Authority.
- *State Revolving Fund Loans* – State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuate based on when project expenditures are incurred, paid and submitted for reimbursement. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [April 2026 Audit Committee binder](#) which provides details related to the SRF funding and associated projects. There is no budget amendment for this line item for the fourth quarter.
- *Grant Revenues & Capital Contributions* - The budget decrease is related to the ARP grant through the DWSRF #7532-02 which could only be used for phase 2 of project 122004 96-inch water transmission main relocation and isolation valve installations. The project was completed in November, 2025. Actual design costs incurred on phase 2 were less than the ARP grant awarded.
- *Investment Earnings* - Increase of \$4.0 million – Due to interest rates being higher than budget and bond fund not being used as quickly as projected.

Outflows

- *Capital Program* – There is no change in the CIP plan for this amendment.
- *Bond Cost of Issuance* – Increase of \$4.6 million – Based on the projected June bond transaction. Also includes the bond issuance costs related to the refunded debt as these will be paid directly by the Authority and not out of an escrow account. These are included in the *Bond Proceeds* received line under *Inflows*.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

CIP Plan

- *Capital Improvement Plan* – This first column of this line represents the original [CIP Plan approved by the Board for FY 2026](#). The change in the third quarter is to recognize the expected FY 2026 expenditures as published in the FY 2027 – FY 2031 Capital Improvement Plan approved by the Board in February 2026. There is no change to the CIP for this amendment.
- *Capital Spend Rate Assumption* - The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA’s control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are



Quarterly Budget Amendment Report
FY 2026 Ending May 31, 2026

made to align the projected financial use of resources with revised capital improvement plan spending forecasts. There is no change for this amendment.

CIP Financial Plan

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP. There is no change to the CIP Financial Plan for this amendment.

Table 4B - Sewer System Construction Fund – Appropriation Level

Sewer Construction Fund	FY 2026						
	Adopted Budget	Amendments				Amended Budget	Activity Thru 3/31/2026
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Inflows							
Transfer from Sewer Improvement & Extension Fund	\$ 26,250,000	\$ 9,750,000	\$ -	\$ -	\$(36,000,000)	\$ -	\$ -
Transfers in from Sewer Operations Fund							
Bond Proceeds	101,000,000	(75,000,000)	-	-	7,675,100	33,675,100	-
SRF Loan Proceeds	52,936,600	49,696,300	-	-	20,337,700	122,970,600	55,710,669
Grant Revenues & Capital Contribution	23,191,650	10,431,350	-	-	(22,477,900)	11,145,100	7,699,336
Investment Earnings	3,936,400	(1,825,150)	-	-	574,750	2,686,000	1,983,378
Total Inflows	207,314,650	(6,947,500)	-	-	(29,890,350)	170,476,800	65,393,383
Outflows							
Capital Program	175,000,000	65,000,000	-	-	(42,000,000)	198,000,000	159,410,519
Transfer to Sewer Operations Fund							
Bond Cost of Issuance	757,500	-	-	(562,500)	1,720,100	1,915,100	30
Total Outflows	175,757,500	65,000,000	-	(562,500)	(40,279,900)	199,915,100	159,410,549
Net Increase (Use) of Reserves	31,557,150	(71,947,500)	-	562,500	10,389,550	(29,438,300)	(94,017,166)
Beginning Net Position	149,360,300					149,360,300	149,360,302
Projected Ending Net Position	\$ 180,917,450	\$ (71,947,500)	\$ -	\$ 562,500	\$ 10,389,550	\$ 119,922,000	\$ 55,343,136
CIP Plan							
Capital Improvement Plan	\$ 193,221,000			\$ 262,279,000		\$ 262,279,000	
Capital Spend Rate Adjustment	(19,322,100)			(26,227,900)		(26,227,900)	
Projected CIP	\$ 173,898,900			\$ 236,051,100		\$ 236,051,100	
Capital Spend Rate Assumption	90%			90%		90%	
Actual Capital Spend to Projected CIP Ratio							68%
CIP Financial Plan							
CIP Expenditures paid through Construction Fund	\$ 175,000,000	\$ 65,000,000	\$ -	\$ -	\$(42,000,000)	\$ 198,000,000	\$ 159,410,519
CIP Expenditures paid through I&E Fund	-	-	-	-	42,000,000	42,000,000	-
Financial Plan (Budgeted) CIP Expenditures	\$ 175,000,000	\$ 65,000,000	\$ -	\$ -	\$ -	\$ 240,000,000	\$ 159,410,519
Actual Capital Spend to Amended Financial Plan Ratio							66%

Table 4B Commentary - Sewer System Construction Fund – Appropriation Level

Inflows

- *Transfers from Sewer Improvement & Extension Fund* – Decrease \$36 million – See explanation on Table 3B for *Capital Improvement Plan funded by I&E and Transfer to Construction Fund*.
- *Bond Proceeds* – Amendment is based on projected June new money bond transaction for capital needs. It also includes the bond proceeds for the cost of issuance for both the refunding and new money bonds which will be paid directly by the Authority.
- *State Revolving Fund Loan Proceeds* - State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and timing of revenues fluctuate based on when project expenditures are incurred, paid and submitted for reimbursement. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the [April 2026 Audit Committee binder](#) which provides details related to the SRF funding and associated projects. The budget amendment for this quarter aligns with the current expected proceeds and also reclasses loan forgiveness to this line item instead of the *Grant Revenues & Capital Contributions*, to align with the financial reporting of actual activity.
- *Grant Revenues & Capital Contributions* – The budget amendment removes the SRF loan forgiveness that was in this line item and moves it to the *State Revolving Fund Loan Proceeds* to align with the financial reporting of actual activity.
- *Investment Earnings* – Increase \$0.6 million - Due to interest rates being higher than projected.

Outflows

- *Capital Program* - Decrease \$42 million – See explanation on Table 3B for *Capital Improvement Plan funded by I&E and Transfer to Construction Fund*. There is no change in the CIP plan. See the *CIP Plan* and the *CIP Financial Plan* section.
- *Bond Cost of Issuance* – Increase of \$1.7 million – Based on projected June bond transaction. Also includes the bond issuance costs related to the refunded debt as these are will be paid directly by the Authority and not out of an escrow account. These are included in the *Bond Proceeds* received line under *Inflows*.

Net Increase (Use) of Reserves - This amount represents the net amount of the inflows less the outflows.

CIP Plan

- *Capital Improvement Plan* - This line represents the original [CIP Plan approved by the Board for FY 2026](#). The change in the third quarter is to recognize the expected FY 2026 expenditures as published in the FY 2027 – FY 2031 Capital Improvement Plan approved by the Board in February 2026. There is no change to the CIP for the fourth quarter.

- *Capital Spend Rate Assumption* - The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. There is no change in the SRA for this amendment.

CIP Financial Plan

- The financial plan applies the SRA to the amount of capital expenditures in the CIP and then rounds the result up to the nearest \$5 million. This is to recognize the dynamic nature of the CIP. The change for the fourth quarter, recognizes a change in the process of paying for construction expenditures for a specific project with I&E funds. See explanation on Table 3B for *Capital Improvement Plan funded by I&E and Transfer to Construction Fund*.

Section 5 – Proposed Budget Amendment Resolution

Great Lakes Water Authority

Resolution 2026-187

Resolution Adopting the FY 2026 Fourth Quarter Budget Amendments for May 2026

By Board Member:

WHEREAS The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the regional water and sewer systems on January 1, 2016 (the “Effective Date”) pursuant to Water System and Sewer System Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and

WHEREAS In accordance with the by-laws of the GLWA, further defined by its budget amendment policy, the Board shall amend the budget as needed based upon a quarterly report from the Chief Financial Officer; and

WHEREAS The GLWA Board adopted the FY 2026 budget on February 26, 2025, for the twelve-month fiscal year beginning July 1, 2025;

WHEREAS Following a review of the budget amendment report for the FY 2026 Fourth Quarter for May 2026, the appropriations established with the adoption of the general operating budget for the water system and the sewer system are amended as shown in the table below;

General Operating Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Revenues				
Wholesale Customers	\$ 365,646,100	No Change	\$ 300,316,800	No Change
Less: Bad Debt	-	No Change	-	No Change
Charges to Local System	30,028,800	No Change	215,324,400	No Change
Industrial Waste Control	NA	NA	9,150,300	No Change
Pollutant Surcharges	NA	NA	5,112,700	No Change
Investment Earnings - Unrestricted	4,654,800	\$ 6,677,000	5,087,300	\$ 9,338,000
Investment Earnings - I&E Fund Unrestricted	4,868,800	\$ 5,659,000	5,451,500	\$ 6,568,000
Investment Earnings - Restricted for Debt Service	3,260,100	\$ 3,721,000	4,076,400	\$ 4,229,000
Other Revenue	302,800	\$ 629,800	442,600	No Change
Total Revenues	\$ 408,761,400	\$ 412,361,700	\$ 544,962,000	\$ 550,481,800
Revenue Requirements				
Operations & Maintenance Expense	\$ 182,456,000	\$ 192,768,400	\$ 236,098,700	\$ 238,429,800
Debt Service	179,082,200	\$ 177,731,700	220,884,500	\$ 216,027,200
General Retirement System Pension	2,730,800	No Change	5,632,800	No Change
Water Residential Assistance Program Contribution	1,970,000	No Change	2,638,500	No Change
Extraordinary Repair & Replacement Deposit	320,000	\$ -	-	No Change
Regional System Lease	22,500,000	No Change	27,500,000	No Change
Working Capital Requirement	600,000	\$ -	-	No Change
Improvement & Extension Fund Transfer	19,102,400	\$ 14,660,800	52,207,500	\$ 60,253,500
Total Revenue Requirements	\$ 408,761,400	\$ 412,361,700	\$ 544,962,000	\$ 550,481,800

WHEREAS Following a review of the budget amendment report through the FY 2026 Fourth Quarter for May 2026, the appropriations established with the adoption of the amounts necessary to pay the principal of and interest on all Regional bonds and to restore any reserves therefore established in the Master Bond Ordinance for the water system and the sewer system are amended as shown in the table below;

Debt Service Coverage Calculation Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Debt Service by Lien				
Senior Lien Bonds	\$ 153,735,500	\$ 147,016,100	\$ 158,579,500	\$ 154,079,400
Second Lien Bonds	50,697,200	56,245,400	56,447,200	56,591,200
SRF Junior Lien Bonds	19,843,600	19,598,500	38,107,400	37,528,300
Total Debt Service	\$ 224,276,300	\$ 222,860,000	\$ 253,134,100	\$ 248,198,900

WHEREAS Following a review of the budget amendment report through the FY 2026 Fourth Quarter for May 2026, the appropriations established with the adoption of the improvement and extension fund budget for the water system and the sewer system are amended as shown in the table below;

Improvement & Extension Fund Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Inflows				
Transfers In from Operating	\$ 19,102,400	\$ 14,660,800	\$ 52,207,500	\$ 60,253,500
Grant Revenues & Capital Contributions	-	No Change	-	No Change
Investment Earnings	4,868,800	5,659,000	5,451,500	6,568,000
Total Inflows	23,971,200	20,319,800	57,659,000	66,821,500
Outflows				
Capital Outlay	11,691,400	12,487,200	11,779,500	10,284,800
Transfer out Investment Earnings	4,868,800	5,659,000	5,451,500	6,568,000
Capital Improvement Plan funded by I&E	-	No Change	-	42,000,000
Transfer out Revenue Financed Capital	9,250,000	-	26,250,000	-
Total Outflows	25,810,200	18,146,200	43,481,000	58,852,800
Net Increase (Use) of Reserves	\$ (1,839,000)	\$ 2,173,600	\$ 14,178,000	\$ 7,968,700

WHEREAS Following a review of the budget amendment report through the FY 2026 Fourth Quarter for May 2026, the appropriations established with the adoption of the construction fund budget for the water system and the sewer system are amended as shown in the table below;

Construction Fund Appropriation Category	Water System		Sewer System	
	Adopted	Amended	Adopted	Amended
Inflows				
Transfer from Improvement & Extension Fund	\$ 9,250,000	\$ -	\$ 26,250,000	\$ -
Bond Proceeds	222,000,000	214,161,300	101,000,000	33,675,100
SRF loan proceeds	1,369,200	6,742,400	52,936,600	122,970,600
Grant Revenues & Capital Contributions	2,300,000	298,100	23,191,650	11,145,100
Investment Earnings	5,565,100	7,557,000	3,936,400	2,686,000
Total Inflows	\$ 240,484,300	\$ 228,758,800	\$ 207,314,650	\$ 170,476,800
Outflows				
Capital Program	185,000,000	165,000,000	175,000,000	198,000,000
Bond Cost of Issuance	1,665,000	5,736,300	757,500	1,915,100
Total Outflows	\$ 186,665,000	\$ 170,736,300	\$ 175,757,500	\$ 199,915,100
Net (Use) Increase of Reserves	53,819,300	58,022,500	31,557,150	(29,438,300)
<i>Capital Spend Rate Assumption</i>	100%	88%	90%	No Change

WHEREAS The GLWA Audit Committee reviewed the budget amendments at its meeting on May 22, 2026; and

WHEREAS An affirmative vote of five Board Members is necessary for the adoption of this Resolution,

NOW THEREFORE BE IT:

RESOLVED That the GLWA Board approves the FY 2026 Fourth Quarter Budget Amendments for May 2026; and be it finally

RESOLVED That the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this resolution.



Financial Services Audit Committee Communication

Date: May 22, 2026

To: Great Lakes Water Authority Audit Committee

From: Cindy Cezat, Director Financial Management & Planning

Re: Ten Year Financial Projection Annual Post Budget Adoption Update for the Current Fiscal Year 2026 and the Ten Years FY 2027 Through FY 2036

Background & Analysis: See attached report

Proposed Action: Receive and file this report.



GLWA
Great Lakes Water Authority

**Ten Year Financial Projection
For The Current Fiscal Year 2026
And the Ten Years FY 2027 Through FY 2036**

Annual Post Budget Adoption Update

**Presented to the Audit Committee on
May 22, 2026**

Please note: The projections set forth in the following tables are forward looking statements and are based on various assumptions and estimates. The Authority cautions that these projections may and often do differ materially from actual results. Some of the factors that could cause actual results to differ materially from those projected are the Authority's ability to execute the Capital Improvement Plan (CIP) as scheduled and within budget, regional climate and weather conditions, and adverse legislative, regulatory or legal decisions (including environmental laws and regulations) affecting the Authority's ability to manage the Regional Water and Sewage Disposal Systems.

Table of Contents

Projection Overview.....	4
REGIONAL SYSTEM PROJECTION	5
Regional Systems Ten Year Projection Assumptions	5
Regional Water System Ten Year Projection.....	8
Table 1 – GLWA Regional Water System Projected Revenue Requirements.....	8
Table 2 – GLWA Regional Water System Key Data Points.....	9
Table 3 – GLWA Regional Water System Capital Improvement Plan Projected Funding Sources	10
Table 4 – GLWA Regional Water System Projected Statement of Revenues, Expenses and Changes in Net Position.....	11
Table 5 – GLWA Regional Water System Projected Cash and Investment Balances	12
Table 6 – GLWA Regional Water System Projected Metrics	13
Regional Sewage Disposal System Ten Year Projection	14
Table 7 – GLWA Regional Sewage Disposal System Projected Revenue Requirements.....	14
Table 8 – GLWA Regional Sewage Disposal System Key Datapoints.....	15
Table 9 – GLWA Regional Sewer System Capital Improvement Plan Projected Funding Sources	16
Table 10 – GLWA Regional Sewer System Projected Statement of Revenues, Expenses and Changes in Net Position.....	17
Table 11 – GLWA Regional Sewer System Projected Cash and Investment Balances	18
Table 12 – GLWA Regional Sewer System Projected Metrics	19
COMBINED REGIONAL AND LOCAL SYSTEMS PROJECTION	20
Combined Regional and Local Systems Ten Year Projection Assumptions	20
Combined Regional and Local Water Systems Ten Year Projection	21
MBO Table 1 – Combined Regional and Local Water Systems - Projected Sources of Revenue, Uses of Revenue Requirements and Debt Service Coverage.....	21
MBO Table 2 – Combined Regional and Local Water Systems - Debt Service Coverage.....	22

MBO Table 3 – Combined Regional and Local Water Systems - Projected New Debt Issuances for CIP Funding	23
MBO Table 4 – Combined Regional and Local Water Systems – Projected Financial Metrics	24
Combined Regional and Local Sewage Disposal System Ten Year Projection	25
MBO Table 5 – Combined Regional and Local Sewage Disposal Systems - Projected Sources of Revenue, Uses of Revenue Requirements and Debt Service Coverage.....	25
MBO Table 6 – Combined Regional and Local Sewage Disposal Systems - Debt Service Coverage	26
MBO Table 7 – Combined Regional and Local Sewage Disposal Systems - Projected New Debt Issuances for CIP Funding	27
MBO Table 8 – Combined Regional and Local Sewage Disposal Systems – Projected Financial Metrics.....	28
LOCAL SYSTEM CAPITAL IMPROVEMENT PLAN PROJECTIONS.....	29
Local System Projection Information.....	29
Local Table 1 – Local Water System Capital Improvement Plan Projected Funding Sources	30
Local Table 2 – Local Sewer System Capital Improvement Plan Projected Funding Sources	31

Projection Overview

Executive Summary

Annually, after the Board of Directors for the Great Lakes Water Authority adopts the upcoming year's budget, an update to the ten-year projection is prepared. This sets the baseline for scenario planning for the new round of budget and capital planning for subsequent years.

The Master Bond Ordinance (MBO) Combined *water* system debt coverage reaches 1.57 by 2036, below the management goal of 1.8. This goal of 1.8 is in place to maintain focus on improved credit ratings (and lower cost of borrowing). Current revenues provide some water I&E funding to cover most of the capital outlay. Starting in fiscal year (FY) 2032 there will be more availability of funds for the CIP to help deleverage the system.

The MBO Combined *sewer* system debt coverage reaches 1.7 in 2036, just under the management goal of 1.8. Current revenues provide for funding the sewer I&E sufficient to cover capital outlay and some pay-go capital. The Authority plans to use some I&E funds every year in the projection to help deleverage the system.

There are debt call options for both systems dated July 1, 2026 for possible refunding savings. After those dates refunding savings will be limited until July 1, 2030.

Purpose of the Projections

The Authority's management team utilizes a ten-year projection, which is updated at the beginning of the annual budget cycle and after the annual budget is adopted. A key goal is to manage debt service coverage levels and capital program spending decisions. The key budgetary decision-making parameter is driven by demonstrating a projected debt service coverage at levels higher than the Required Coverage for all lien priorities under the MBO of 1.20 for Senior Lien Bonds, 1.10 for Senior and Second Lien Bonds and 1.00 for All Bonds, including State Revolving Fund (SRF) Junior Lien Bonds. While the management goal of 1.8, which is above the required minimum coverage, has not been formally established as a policy position, the goal is designed to achieve long-term financial sustainability and stability objectives.

The overall financial plan summarized by these projections is designed to embrace the Authority's long-term financial stability strategy, which leverages efficiency savings and optimized infrastructure plans coupled with annual revenue adjustments, to produce increasing amounts of unrestricted cash for the Improvement and Extension Fund (I&E) after providing for payment of operation and maintenance expenses, debt service payments, and funding of the various non-operating elements set forth in the foundational documents for the Authority. The I&E funds will then be used to fund a portion of the CIP in order to help deleverage the systems.

Key Financial Performance Metrics

Tables of key financial performance metrics are included through two views. Tables for which GLWA is the regional system are provided first, then the next set of tables combines the projections for both the Regional and Local Systems to present the metrics on a Master Bond Ordinance (MBO) basis. These tables include a color-coded metric target range, with the green highlight cells indicating that the goal has been reached. As can be seen in Tables 6 and 12, the regional system debt service is a higher percentage of the revenue requirement than the goal of 40% (rows are highlighted in red). Deleveraging the system is a top priority of management.

REGIONAL SYSTEM PROJECTION

The Authority's Biennial Budget for FY 2027 & FY 2028 was adopted by the Board of Directors on February 25, 2026 ([Resolution 2026-070](#)). The Board of Directors also approved the FY 2026 Schedule of Water and Sewer Service Charges ([Resolution 2026-071](#)) and the FY 2026 through FY 2030 Capital Improvement Plan ([Resolution 2026-052](#)) on February 25, 2026.

Tables 1 through 12 provide the financial projections of the GLWA, which is the regional system. The Charges to the Local System in these tables are for services provided by GLWA to the City of Detroit Water and Sewerage Department (DWSD) under Section 3.1 of the Water and Sewer Services Agreement. It does not include the revenues and expenses related to the operations of the DWSD local retail system.

Regional Systems Ten Year Projection Assumptions

The projected FY 2026 revenues and revenue requirements reflect the first quarter budget amendment and any additional potential budget adjustments being considered at the time the projection was finalized. The FY 2027 and FY 2028 figures in this table represent the approved Regional System budget and approved fiscal year charges.

Revenues

1. Revenue from Charges – Charges are the main source of revenue for the GLWA. The projection assumes annual charge increases to the Member Partners of the water system of 5.9% for FY 2028 through FY 2036 and increases in charges to the Member Partners of the sewer system of 4.5% for FY 2028 through FY 2036.
2. Investment earnings - Investment earnings are projected based on an analysis of unrestricted funds on hand, projected activity, and average fund balances. Projected investment yields were provided by the Authority's investment advisor in October 2025 for FY 2026 through 2030. These yields were adjusted down by 0.5% for FY 2026 and one percent for FY 2027 through FY 2030 due to the unpredictability of rates in the current economic environment. Interest rates ranging between 2.12 and 3.07 percent were used for FY 2026 through FY 2030. An investment yield of 2.5 percent was used for FY 2031 and 2.0 percent for FY 2032 through FY 2036.

3. Other Operating Revenue – Consist mainly of lead and copper rule sample testing fees charged to Member Partners for the water system and septage disposal fees charged to permitted companies who utilize the sewage disposal system.

Operations & Maintenance Expense - The Regional System O&M expenses for the years FY 2027 through FY 2031 are based upon detailed analysis by the Financial Planning and Analysis team during the FY 2027 budget process. A two percent increase was projected for FY 2032 through FY 2036.

Debt Service – The debt service includes only the regional system’s share of existing debt service on all outstanding bonds plus estimated debt service on all future bond sales as anticipated to fund the Capital Improvement Plan. Level debt service based on a 30-year term and an interest rate of 5.0 percent has been assumed on all projected bond sales. It is assumed that any additional bonds would be issued as senior lien. Debt service also includes payments on existing SRF loan balances and projected draws on current SRF funds. The projection also includes projected draws on awarded SRF loans for FY 2026 which will close during the fiscal year, or shortly thereafter, for the Regional System. Debt service does not reflect any potential savings from future bond refunding transactions.

General Retirement System Pension - The General Retirement System (GRS) Pension line represents both the GRS pension obligation payments and the B and C Note payments. For FY 2026 the Unfunded Actuarial Accrued Liability (UAAL) contribution will be \$3.8 million with an administrative fee of \$0.6 million for a total of \$4.4 million which is allocated. This amount was used for FY 2027 through FY 2036. Annual payments on the BC Notes range from \$7.4 million in FY 2026, then decreasing yearly to \$5.4 million in FY 2036. These requirements are allocated between GLWA and DWSD and between the water and sewer funds as shown in the table below.

	Water	Sewer	Total
Pension Obligation			
GLWA Regional System	25.20%	45.10%	70.30%
DWSD Local System	17.80%	11.90%	29.70%
Total	<u>43.00%</u>	<u>57.00%</u>	<u>100.00%</u>
BC Notes			
GLWA Regional System	21.98%	49.44%	71.42%
DWSD Local System	15.52%	13.06%	28.58%
Total	<u>37.50%</u>	<u>62.50%</u>	<u>100.00%</u>

Water Residential Assistance Program Contribution (WRAP) - WRAP contributions are 0.5% of the base operating revenues (what operating revenues would be before the WRAP contribution).

Extraordinary Repair & Replacement Deposit (ER&R) - The maximum ER&R Fund balance requirement is 15 percent of the Authority operating expenses plus the DWSD operating expenses. Annual deposits are made when necessary to achieve the required ER&R balance.

Regional System Lease - DWSD has the option to utilize a portion of the Lease Payment to finance all “post bifurcation” Local System debt service if revenues are insufficient to do so. The projected financing plan anticipates that revenues for the Local System will be sufficient to allow the entire annual Lease payment to be transferred to the Detroit Local Improvement and Extension Account of the Improvement and Extension Fund.

Working Capital Requirement - The Working Capital Requirement relates to the Receiving Fund and/or the Authority’s Operation and Maintenance Account. The projections assume that the Receiving Fund will target a balance of 1 month of O&M and 2 months of other required transfers (debt service, pension and WRAP). The Operation and Maintenance Account will target 3 months of working capital.

Improvement & Extension Fund (I&E) Transfer Pending - The remaining amount available is what is available to fund the Authority Regional System I&E Funds held within the Trust. Due to timing variances of cash receipts and disbursements, cash flow analysis are done throughout the year to determine when the actual transferred to the I&E accounts will occur, some of which may occur after year end.

Regional Water System Ten Year Projection

Table 1 – GLWA Regional Water System Projected Revenue Requirements

	Projected (\$ millions)											
	Adopted 2026	Forecast 2026	Adopted 2027	Adopted 2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenues												
Revenue from Charges												
1 Wholesale Charges	\$ 365.6	\$ 365.6	\$ 384.4	\$ 406.0	\$ 428.8	\$ 452.8	\$ 478.3	\$ 505.2	\$ 533.8	\$ 564.0	\$ 596.1	\$ 630.0
2 Charges to Local System	30.0	30.0	33.1	36.1	39.5	43.0	46.8	50.8	55.0	59.4	64.2	69.2
3 Total Revenue from Charges	395.7	395.7	417.5	442.2	468.2	495.8	525.0	556.0	588.8	623.5	660.2	699.2
Investment Earnings												
4 Unrestricted	4.7	4.4	3.2	3.1	3.4	4.1	4.0	3.3	3.4	3.5	3.6	3.6
5 I&E Fund Unrestricted	4.9	4.5	3.4	3.1	3.1	3.6	3.7	3.6	3.8	4.0	3.8	4.0
6 Restricted	3.3	2.8	2.2	2.2	2.6	3.2	3.1	2.6	2.7	2.8	2.9	3.1
7 Total Investment Earnings	12.8	11.8	8.7	8.4	9.1	10.8	10.9	9.6	10.0	10.3	10.3	10.7
8 Other Operating Revenue	0.3	0.3	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
9 Total Revenues	\$ 408.8	\$ 407.7	\$ 426.8	\$ 450.8	\$ 477.7	\$ 506.9	\$ 536.2	\$ 565.9	\$ 599.1	\$ 634.1	\$ 670.8	\$ 710.2
Revenue Requirements												
10 Operations & Maintenance Expense	\$ 182.5	\$ 183.9	\$ 193.6	\$ 200.7	\$ 206.6	\$ 210.1	\$ 215.2	\$ 219.5	\$ 223.9	\$ 228.4	\$ 232.9	\$ 237.6
11 Debt Service - Regional System	179.1	177.5	189.1	205.5	220.1	234.8	240.4	249.8	261.0	269.7	276.5	288.5
12 General Retirement System Pension	2.7	2.7	2.6	2.4	2.4	2.4	2.3	2.3	2.3	2.2	2.4	2.3
13 Water Residential Assistance Program Contribution	2.0	2.0	2.1	2.2	2.3	2.5	2.6	2.8	2.9	3.1	3.3	3.5
14 Extraordinary Repair & Replacement Deposit	0.3	0.3	0.2	0.6	0.3	-	-	0.2	0.2	0.3	0.3	0.3
15 Regional System Lease	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
16 Working Capital Requirement	0.6	-	0.6	5.3	5.1	5.3	3.8	4.0	4.4	3.9	3.8	4.6
17 Improvement & Extension Fund Transfer Pending	19.1	18.8	16.2	11.5	18.4	29.4	49.4	64.8	81.9	103.9	129.1	150.8
18 Total Revenue Requirements	\$ 408.8	\$ 407.7	\$ 426.8	\$ 450.8	\$ 477.7	\$ 506.9	\$ 536.2	\$ 565.9	\$ 599.1	\$ 634.1	\$ 670.8	\$ 710.2

Table 2 – GLWA Regional Water System Key Data Points

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	Actual											Projected								
Regional System Annual Budget Adjustment																				
Actual	4.0%	-0.9%	1.0%	2.5%	0.6%	0.7%	3.5%	4.0%	4.0%	6.1%	4.4%									
Projected												5.6%	6.0%	6.1%	5.8%	5.5%	5.9%	5.8%	5.8%	5.9%
Cumulative Average	4.0%	1.5%	1.3%	1.6%	1.4%	1.3%	1.6%	1.9%	2.1%	2.5%	2.7%	2.9%	3.2%	3.4%	3.5%	3.7%	3.8%	3.9%	4.0%	4.1%
Regional System Annual Charge Adjustment																				
Actual	4.5%	1.8%	1.8%	0.6%	3.2%	1.5%	3.7%	2.75%	3.25%	5.9%	5.8%									
Projected *												5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Other Key Datapoints	Actual										Projected									
Debt Service Coverage (GLWA impact)	1.71	1.58	1.63	1.47	1.50	1.40	1.34	1.28	1.22	1.26	1.23	1.22	1.23	1.26	1.34	1.39	1.44	1.50	1.58	1.64
Regional Days Cash	959	1,066	1,058	1,086	1,043	632	573	640	642	591	547	521	515	538	588	601	607	588	599	578
Use of I&E for LSIP										\$ -	\$ 7.5	\$ 7.5	\$ 7.5	\$ 7.5	\$ 7.5	\$ 7.5	\$ 7.5	\$ 7.5	\$ 7.5	\$ 75.0
CIP Paygo Financing (millions)										\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38	\$ 59	\$ 96	\$ 102	\$ 77
New Money Bonds issued in June (millions)										\$ 158	\$ 243	\$ 228	\$ 188	\$ 82	\$ 150	\$ 176	\$ 143	\$ 152	\$ 142	\$ 137
Capital Projects Spend Forecast (millions)										\$ 165	\$ 245	\$ 245	\$ 230	\$ 190	\$ 85	\$ 190	\$ 235	\$ 240	\$ 255	\$ 220

*Assumes no change in sales volume

Table 3 – GLWA Regional Water System Capital Improvement Plan Projected Funding Sources

	Projected (\$ millions)												
	Adopted 2026	Forecast 2026	Adopted 2027	Adopted 2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Capital Improvement Program													
1 Capital Improvement Program	\$ 183.1	\$ 183.7	\$ 302.8	\$ 372.6	\$ 246.8	\$ 186.8	\$ 82.1	\$ 187.6	\$ 230.0	\$ 239.2	\$ 250.6	\$ 217.2	
2 Spend Rate Assumption	100%	88%	80%	65%	93%	100%	100%	100%	100%	100%	100%	100%	
3 Projected CIP Spend	\$ 183.1	\$ 161.7	\$ 242.2	\$ 242.2	\$ 229.5	\$ 186.8	\$ 82.1	\$ 187.6	\$ 230.0	\$ 239.2	\$ 250.6	\$ 217.2	
Funding Requirements													
4 Capital Outlay	\$ 11.7	\$ 11.7	\$ 25.0	\$ 21.0	\$ 18.7	\$ 16.5	\$ 16.2	\$ 16.4	\$ 16.5	\$ 16.7	\$ 16.9	\$ 84.6	\$ 260.2
5 Capital Improvement Program (a)	185.0	165.0	245.0	245.0	230.0	190.0	85.0	190.0	235.0	240.0	255.0	220.0	2,300.0
6 Total Funding Requirements	\$ 196.7	\$ 176.7	\$ 270.0	\$ 266.0	\$ 248.7	\$ 206.5	\$ 101.2	\$ 206.4	\$ 251.5	\$ 256.7	\$ 271.9	\$ 304.6	\$ 2,560.2
Funding Sources													
<u>GLWA Regional System Improvement and Extension Fund</u>													
7 Beginning Balance	\$ 147.8	\$ 147.4	\$ 154.5	\$ 145.7	\$ 136.2	\$ 135.9	\$ 148.7	\$ 182.0	\$ 192.5	\$ 199.0	\$ 190.3	\$ 200.5	\$ 147.4
8 Transfers from Water Receiving	19.1	18.8	16.2	11.5	18.4	29.4	49.4	64.8	81.9	103.9	129.1	150.8	674.2
9 Available from I&E Fund	166.9	166.2	170.7	157.2	154.6	165.3	198.2	246.8	274.3	303.0	319.4	351.3	
<u>Construction Fund</u>													
10 Beginning Balance	236.6	270.0	275.1	276.2	261.2	221.5	116.3	182.4	207.5	175.8	184.9	175.3	270.0
<u>Bond Issues</u>													
11 Water System Revenue Bonds	222.0	158.0	243.0	228.0	188.0	82.0	150.0	176.0	143.0	152.0	142.0	137.0	
12 Less: Issuance Expenses	(1.7)	(1.2)	(1.8)	(1.7)	(1.4)	(0.6)	(1.1)	(1.3)	(1.1)	(1.1)	(1.1)	(1.0)	
13 Net Bond Proceeds Available	220.3	156.8	241.2	226.3	186.6	81.4	148.9	174.7	141.9	150.9	140.9	136.0	1,785.5
14 State DWSRF Financing	1.4	6.7	-	-	-	-	-	-	-	-	-	-	6.7
15 Grants and Contributions	2.3	2.2	1.2	-	-	-	-	-	-	-	-	-	3.4
16 Investment Income	5.6	4.3	3.8	3.7	3.7	3.5	2.2	2.4	2.6	2.3	2.4	2.3	33.2
17 Available from Construction Fund	466.1	440.1	521.2	506.2	451.5	306.3	267.4	359.5	352.0	328.9	328.3	313.6	
18 Total Funding Sources Available	\$ 633.0	\$ 606.3	\$ 691.9	\$ 663.4	\$ 606.0	\$ 471.6	\$ 465.5	\$ 606.3	\$ 626.3	\$ 631.9	\$ 647.6	\$ 664.9	\$ 2,920.5
Projected Use of Funding Sources													
19 I&E Funds - Capital Outlay	\$ 11.7	\$ 11.7	\$ 25.0	\$ 21.0	\$ 18.7	\$ 16.5	\$ 16.2	\$ 16.4	\$ 16.5	\$ 16.7	\$ 16.9	\$ 84.6	\$ 260.2
20 I&E Funds - Capital Projects	9.3	-	-	-	-	-	-	38.0	58.8	96.0	102.0	77.0	371.8
21 Construction Fund - Capital Projects	175.8	165.0	245.0	245.0	230.0	190.0	85.0	152.0	176.3	144.0	153.0	143.0	1,928.3
22 Total Projected Use of Funding Sources	\$ 196.7	\$ 176.7	\$ 270.0	\$ 266.0	\$ 248.7	\$ 206.5	\$ 101.2	\$ 206.4	\$ 251.5	\$ 256.7	\$ 271.9	\$ 304.6	\$ 2,560.2
Funding Sources Available for Future Capital Projects													
23 Improvement & Extension Fund	\$ 145.9	\$ 154.5	\$ 145.7	\$ 136.2	\$ 135.9	\$ 148.7	\$ 182.0	\$ 192.5	\$ 199.0	\$ 190.3	\$ 200.5	\$ 189.7	
24 Construction Fund	290.4	275.1	276.2	261.2	221.5	116.3	182.4	207.5	175.8	184.9	175.3	170.6	
25 Total Funding Sources Available for Future Capital Projects	\$ 436.3	\$ 429.6	\$ 421.9	\$ 397.4	\$ 357.3	\$ 265.1	\$ 364.3	\$ 399.9	\$ 374.8	\$ 375.2	\$ 375.8	\$ 360.3	

(a) For projected funding requirements the projected CIP spend is rounded up to nearest \$5M

Table 4 – GLWA Regional Water System Projected Statement of Revenues, Expenses and Changes in Net Position

	Projected (\$ millions)										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
1 Operating Revenues	\$ 401.5	\$ 424.0	\$ 448.5	\$ 474.6	\$ 502.1	\$ 531.4	\$ 562.3	\$ 595.1	\$ 629.8	\$ 666.5	\$ 705.5
Operating Expenses											
2 Operating Expenses before Depreciation	183.4	193.0	200.2	206.2	210.1	215.2	219.5	223.9	228.4	232.9	237.6
3 Depreciation Expense	95.8	99.7	108.4	113.5	116.5	120.8	127.0	134.4	140.8	148.2	165.9
4 Amortization of Intangible Assets	5.2	5.2	5.2	4.8	4.3	3.6	3.6	3.6	3.6	3.6	3.6
5 Total Operating Expenses	284.4	297.9	313.7	324.5	330.9	339.6	350.1	361.8	372.7	384.7	407.1
6 Operating Income	117.2	126.0	134.7	150.0	171.2	191.8	212.3	233.3	257.0	281.9	298.4
Nonoperating Revenues (Expenses)											
7 Earnings on Investments	16.1	12.6	12.0	12.8	14.3	13.0	12.0	12.6	12.6	12.7	13.0
8 Interest Income on Other Receivables	23.1	22.3	23.5	24.5	25.5	25.8	24.7	23.5	22.0	20.4	18.7
9 Interest Expense	(139.1)	(142.9)	(151.9)	(159.3)	(163.8)	(162.7)	(163.1)	(164.2)	(163.3)	(162.0)	(159.5)
10 Amortization of Debt Related Items	22.2	20.7	20.0	19.3	18.5	16.9	15.4	14.7	13.6	10.1	8.6
11 Legacy Pension Expense	3.7	(3.8)	0.2	0.7	0.2	0.3	0.4	0.5	0.5	0.6	0.7
12 WRAP	(2.0)	(2.1)	(2.2)	(2.3)	(2.5)	(2.6)	(2.8)	(2.9)	(3.1)	(3.3)	(3.5)
13 Other	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
14 Total Nonoperating Expenses	(76.2)	(93.3)	(98.5)	(104.4)	(108.0)	(109.5)	(113.5)	(116.1)	(117.8)	(121.6)	(122.1)
15 Income Before Capital Contributions	40.9	32.7	36.2	45.7	63.2	82.3	98.8	117.2	139.2	160.3	176.3
16 Capital Contributions	2.2	1.2	-	-	-	-	-	-	-	-	-
17 Change in Net Position	43.1	33.8	36.2	45.7	63.2	82.3	98.8	117.2	139.2	160.3	176.3
18 Net Position (Deficit), Beginning of Year	(76.3)	(33.2)	0.7	36.9	82.6	145.8	228.1	326.8	444.0	583.2	743.5
19 Net Position (Deficit), End of Year	\$ (33.2)	\$ 0.7	\$ 36.9	\$ 82.6	\$ 145.8	\$ 228.1	\$ 326.8	\$ 444.0	\$ 583.2	\$ 743.5	\$ 919.8

Table 5 – GLWA Regional Water System Projected Cash and Investment Balances

	Projected (\$ millions)										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Unrestricted Funds											
<u>Receiving Fund (Regional)</u>											
1 Beginning Balance	\$ 56.3	\$ 53.6	\$ 52.2	\$ 55.6	\$ 58.5	\$ 61.3	\$ 62.6	\$ 64.5	\$ 66.8	\$ 68.6	\$ 70.2
2 Investment Earnings	6.3	4.6	4.2	4.4	5.1	5.3	4.9	5.1	5.3	5.2	5.4
3 Receipts	396.0	418.0	442.5	468.5	496.1	525.3	556.3	589.1	623.8	660.5	699.5
4 MBO Transfers	(386.1)	(407.9)	(431.8)	(451.6)	(469.1)	(479.9)	(494.4)	(510.1)	(523.4)	(535.0)	(551.7)
5 I&E Transfers Out	(18.8)	(16.2)	(11.5)	(18.4)	(29.4)	(49.4)	(64.8)	(81.9)	(103.9)	(129.1)	(150.8)
6 Ending Balance Receiving	53.6	52.2	55.6	58.5	61.3	62.6	64.5	66.8	68.6	70.2	72.6
<u>O&M Fund (Regional)</u>											
7 Beginning Balance	52.3	53.9	55.1	56.3	57.6	59.1	60.6	61.8	63.0	64.3	65.6
8 Investment Earnings	1.6	1.2	1.2	1.3	1.5	1.5	1.2	1.2	1.3	1.3	1.3
9 Working Capital Needs	-	-	-	-	-	-	-	-	-	-	-
10 Ending Balance O&M	53.9	55.1	56.3	57.6	59.1	60.6	61.8	63.0	64.3	65.6	66.9
<u>ER&R Fund</u>											
11 Beginning Balance	34.9	35.9	36.9	38.3	39.6	40.6	41.6	42.6	43.6	44.8	46.1
12 Investment Earnings	1.1	0.8	0.8	0.9	1.0	1.0	0.8	0.9	0.9	0.9	0.9
13 MBO Transfers	-	0.2	0.6	0.3	-	-	0.2	0.2	0.3	0.3	0.3
14 Ending Balance ER&R	35.9	36.9	38.3	39.6	40.6	41.6	42.6	43.6	44.8	46.1	47.3
<u>I&E Fund (Regional)</u>											
15 Beginning Balance	147.4	154.5	145.7	136.2	135.9	148.7	182.0	192.5	199.0	190.3	200.5
16 Budgeted Capital Outlay	(11.7)	(25.0)	(21.0)	(18.7)	(16.5)	(16.2)	(16.4)	(16.5)	(16.7)	(16.9)	(84.6)
17 Transfer to Construction Fund	-	-	-	-	-	-	(38.0)	(58.8)	(96.0)	(102.0)	(77.0)
18 Deposits from Revenues	18.8	16.2	11.5	18.4	29.4	49.4	64.8	81.9	103.9	129.1	150.8
19 Ending Balance I&E	154.5	145.7	136.2	135.9	148.7	182.0	192.5	199.0	190.3	200.5	189.7
20 Total Unrestricted Funds	\$298.0	\$290.0	\$286.4	\$291.5	\$309.7	\$346.7	\$361.4	\$372.6	\$368.0	\$382.3	\$376.5
21 Days Cash on Hand	591	547	521	515	538	588	601	607	588	599	578
Restricted Funds											
<u>Receiving Fund (Local System) -Cash held fbo DWSD</u>											
22 Beginning Balance	\$ 23.8	\$ 23.8	\$ 23.8	\$ 23.8	\$ 23.8	\$ 23.8	\$ 23.8	\$ 23.8	\$ 23.8	\$ 23.8	\$ 23.8
23 Receipts	130.5	138.7	146.9	155.5	165.5	176.1	187.3	199.3	211.2	223.7	237.0
24 MBO Transfers	(128.9)	(135.7)	(143.9)	(153.3)	(163.7)	(174.0)	(183.3)	(192.9)	(201.4)	(210.4)	(219.7)
25 I&E Transfers to Local System	(1.6)	(3.1)	(2.9)	(2.3)	(1.7)	(2.0)	(4.0)	(6.5)	(9.8)	(13.3)	(17.3)
26 Ending Balance Receiving	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.8
27 Debt Service Fund *	12.2	10.4	10.9	11.2	11.9	12.0	11.1	11.3	11.5	11.7	11.9
28 Construction Fund (Regional System)	275.1	276.2	261.2	221.5	116.3	182.4	207.5	175.8	184.9	175.3	170.6
29 Budget Stabilization Fund	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
30 WRAP	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
31 Total Restricted Funds	\$314.3	\$313.6	\$299.0	\$259.7	\$155.2	\$221.3	\$245.6	\$214.1	\$223.5	\$214.0	\$209.5
32 Total Unrestricted and Restricted Funds	\$612.3	\$603.6	\$585.5	\$551.2	\$464.9	\$568.0	\$607.0	\$586.6	\$591.5	\$596.3	\$586.0

* The balance in the Debt Service Fund is net of the July 1st payment that is paid the day after the year end.

Table 6 – GLWA Regional Water System Projected Metrics

Metric	Metric Target Range	Projected (\$ millions)												
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036		
Operating Margin														
1														
2														
3														
Operating Margin %														
4	<25%	25%	40%	29.2%	29.7%	30.0%	31.6%	34.1%	36.1%	37.7%	39.2%	40.8%	42.3%	42.3%
Regional Revenue Allocation														
5				45.1%	45.4%	44.5%	43.2%	41.5%	40.1%	38.8%	37.4%	36.0%	34.7%	33.5%
6	>40%	40%	33%	43.5%	44.3%	45.6%	46.1%	46.3%	44.8%	44.1%	43.6%	42.5%	41.2%	40.6%
7				6.7%	6.6%	7.3%	6.8%	6.4%	5.8%	5.6%	5.4%	5.1%	4.8%	4.7%
8				4.6%	3.8%	2.6%	3.8%	5.8%	9.2%	11.5%	13.7%	16.4%	19.2%	21.2%
9				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other Metrics														
10	<400	400	500	591	547	521	515	538	588	601	607	588	599	578
11	<150	150	250	\$ (33.2)	\$ 0.7	\$ 36.9	\$ 82.6	\$ 145.8	\$ 228.1	\$ 326.8	\$ 444.0	\$ 583.2	\$ 743.5	\$ 919.8
Net Fixed Asset/Depreciation														
12	<12	12	25	22	23	22	23	23	22	21	21	21	21	19

Regional Sewage Disposal System Ten Year Projection

Table 7 – GLWA Regional Sewage Disposal System Projected Revenue Requirements

	Projected (\$ millions)											
	Adopted 2026	Forecast 2026	Adopted 2027	Adopted 2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenues												
Revenue from charges												
1 Wholesale Charges	\$ 300.3	\$ 300.3	\$ 312.3	\$ 326.6	\$ 341.0	\$ 356.1	\$ 371.9	\$ 388.2	\$ 405.3	\$ 423.2	\$ 441.9	\$ 461.4
2 Charges to Local System	215.3	215.3	225.3	235.2	246.1	257.4	269.2	281.5	294.3	307.7	321.7	336.3
3 Industrial Waste Charges	9.2	9.2	9.5	9.9	10.4	10.9	11.3	11.8	12.4	12.9	13.5	14.1
4 Pollutant Surcharges	5.1	5.1	5.1	5.3	5.6	5.8	6.1	6.4	6.7	7.0	7.3	7.6
5 Total Revenue from Charges	529.9	529.9	552.2	577.1	603.1	630.2	658.6	687.9	718.7	750.8	784.4	819.3
Investment Earnings												
6 Unrestricted	5.1	5.5	4.0	3.8	4.3	5.0	4.9	4.0	4.1	4.2	4.3	4.4
7 I&E Fund Unrestricted	5.5	5.3	4.0	3.8	3.8	4.5	4.5	4.2	3.9	4.0	4.1	3.9
8 Restricted	4.1	3.2	2.5	2.5	2.9	3.4	3.3	2.8	2.9	3.0	3.1	3.2
9 Total Investment Earnings	14.6	14.1	10.5	10.2	10.9	12.9	12.7	11.0	10.8	11.2	11.5	11.6
6 Other Operating Revenue	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
10 Total Revenues	\$ 545.0	\$ 544.4	\$ 563.2	\$ 587.8	\$ 614.5	\$ 643.5	\$ 671.8	\$ 699.3	\$ 729.9	\$ 762.5	\$ 796.3	\$ 831.4
Revenue Requirements												
11 Operations & Maintenance	\$ 236.1	\$ 237.6	\$ 237.8	\$ 248.4	\$ 258.2	\$ 266.6	\$ 271.2	\$ 276.6	\$ 282.2	\$ 287.8	\$ 293.6	\$ 299.4
12 Debt Service - Regional System	220.9	216.3	233.9	242.4	252.0	257.8	262.8	271.4	279.1	291.7	302.7	312.8
13 General Retirement System												
Pension	5.6	5.6	5.2	4.9	4.9	4.8	4.7	4.6	4.6	4.5	4.8	4.7
14 Water Residential Assistance												
Program Contribution	2.6	2.6	2.7	2.9	3.0	3.1	3.3	3.4	3.6	3.7	3.9	4.1
15 Extraordinary Repair &												
Replacement Deposit	-	-	-	-	-	0.4	-	0.1	0.2	0.4	0.4	0.4
16 Regional System Lease	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
17 Working Capital Requirement	-	-	1.5	4.7	5.2	4.8	4.4	4.4	4.4	5.3	5.1	5.0
Improvement & Extension Fund												
18 Transfer Pending	52.2	54.8	54.6	56.9	63.6	78.6	97.8	111.2	128.4	141.6	158.4	177.4
19 Total Revenue Requirements	\$ 545.0	\$ 544.4	\$ 563.2	\$ 587.8	\$ 614.5	\$ 643.5	\$ 671.8	\$ 699.3	\$ 729.9	\$ 762.5	\$ 796.3	\$ 831.4

Table 8 – GLWA Regional Sewage Disposal System Key Datapoints

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	Actual											Projected								
Regional System Annual Budget Adjustment																				
Actual	4.0%	0.3%	1.0%	2.2%	1.3%	-2.3%	1.3%	4.0%	4.0%	4.7%	3.3%									
Projected												4.4%	4.5%	4.7%	4.4%	4.1%	4.4%	4.5%	4.4%	4.4%
Cumulative Average	4.0%	2.1%	1.8%	1.9%	1.8%	1.1%	1.1%	1.5%	1.7%	2.0%	2.1%	2.3%	2.5%	2.7%	2.8%	2.9%	2.9%	3.0%	3.1%	3.2%
Regional System Annual Charge Adjustment																				
Actual	8.3%	-0.7%	0.1%	0.8%	2.0%	-0.6%	2.4%	2.75%	3.0%	4.5%	4.3%									
Projected *												4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Other Key Datapoints	Actual											Projected								
Debt Service Coverage (GLWA impact)	1.35	1.42	1.36	1.39	1.52	1.32	1.35	1.23	1.26	1.42	1.39	1.40	1.41	1.46	1.52	1.56	1.60	1.63	1.66	1.70
Regional Days Cash	495	432	495	593	664	574	521	571	559	553	556	518	511	515	554	526	528	531	519	520
CIP Paygo Financing (millions)										\$ 36	\$ 38	\$ 56	\$ 47	\$ 56	\$ 54	\$ 41	\$ 35	\$ 48	\$ 77	\$ 84
New Money Bonds issued in June (millions)										\$ 26	\$ 76	\$ 65	\$ 39	\$ 51	\$ 73	\$ 79	\$ 111	\$ 178	\$ 195	\$ 133
Capital Projects Spend Forecast (millions)										\$ 240	\$ 255	\$ 280	\$ 235	\$ 185	\$ 180	\$ 135	\$ 115	\$ 160	\$ 255	\$ 280

*Assumes no change in sales volume

Table 9 – GLWA Regional Sewer System Capital Improvement Plan Projected Funding Sources

	Projected (\$ millions)												
	Adopted 2026	Forecast 2026	Adopted 2027	Adopted 2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Capital Improvement Program													
1 Capital Improvement Program	\$ 193.2	\$ 262.3	\$ 287.6	\$ 330.9	\$ 274.4	\$ 195.7	\$ 179.7	\$ 138.0	\$ 112.4	\$ 159.9	\$ 253.2	\$ 279.2	
2 Spend Rate Assumption	90%	90%	88%	84%	85%	94%	100%	95%	100%	100%	100%	100%	
3 Projected CIP Spend	\$ 173.9	\$ 236.1	\$ 253.1	\$ 278.0	\$ 233.2	\$ 183.9	\$ 179.7	\$ 131.1	\$ 112.4	\$ 159.9	\$ 253.2	\$ 279.2	
Funding Requirements													
4 Capital Outlay	\$ 11.8	\$ 11.8	\$ 15.4	\$ 15.3	\$ 13.3	\$ 13.4	\$ 12.9	\$ 88.2	\$ 88.5	\$ 88.7	\$ 89.0	\$ 89.3	\$ 525.8
5 Capital Improvement Program (a)	175.0	240.0	255.0	280.0	235.0	185.0	180.0	135.0	115.0	160.0	255.0	280.0	2,320.0
6 Total Funding Requirements	\$ 186.8	\$ 251.8	\$ 270.4	\$ 295.3	\$ 248.3	\$ 198.4	\$ 192.9	\$ 223.2	\$ 203.5	\$ 248.7	\$ 344.0	\$ 369.3	\$ 2,845.8
Funding Sources													
<u>GLWA Regional System Improvement and Extension Account</u>													
7 Beginning Balance	\$ 165.4	\$ 173.3	\$ 180.3	\$ 181.2	\$ 166.8	\$ 170.2	\$ 179.9	\$ 210.8	\$ 193.3	\$ 198.6	\$ 203.5	\$ 196.3	\$ 173.3
8 Transfers from Sewer Receiving	52.2	54.8	54.6	56.9	63.6	78.6	97.8	111.2	128.4	141.6	158.4	177.4	1,123.2
9 Available from I&E Fund	217.7	228.1	234.9	238.1	230.4	248.8	277.7	322.0	321.6	340.2	361.8	373.7	
<u>Construction Fund</u>													
10 Beginning Balance	147.4	148.7	108.6	139.0	129.1	103.7	116.3	138.3	144.3	176.2	243.6	262.0	148.7
Bond Issues													
11 Sewer System Revenue Bonds	101.0	26.0	76.0	65.0	39.0	51.0	73.0	79.0	111.0	178.0	195.0	133.0	
12 Less: Issuance Expenses	(0.8)	(0.2)	(0.6)	(0.5)	(0.3)	(0.4)	(0.5)	(0.6)	(0.8)	(1.3)	(1.5)	(1.0)	
13 Net Bond Proceeds Available	100.2	25.8	75.4	64.5	38.7	50.6	72.5	78.4	110.2	176.7	193.5	132.0	1,018.3
14 State CWSRF Financing	52.9	102.6	159.6	140.7	121.6	89.1	73.2	19.9	-	-	-	-	706.8
15 Grants and Contributions	23.2	33.6	10.2	6.6	-	-	-	-	-	-	-	-	50.4
16 Investment Income	3.9	1.8	2.0	2.2	2.3	2.3	2.4	2.2	2.3	2.7	3.4	3.5	27.0
17 Available from Construction Fund	327.7	312.6	355.8	353.1	291.7	245.8	264.3	238.8	256.7	355.6	440.5	397.5	
18 Total Funding Sources Available	\$ 545.4	\$ 540.7	\$ 590.7	\$ 591.2	\$ 522.1	\$ 494.5	\$ 542.0	\$ 560.7	\$ 578.3	\$ 695.8	\$ 802.4	\$ 771.3	\$ 3,247.8
Projected Use of Funding Sources													
19 I&E Funds - Capital Outlay	\$ 11.8	\$ 11.8	\$ 15.4	\$ 15.3	\$ 13.3	\$ 13.4	\$ 12.9	\$ 88.2	\$ 88.5	\$ 88.7	\$ 89.0	\$ 89.3	\$ 525.8
20 I&E Funds - Capital Projects	26.3	36.0	38.3	56.0	47.0	55.5	54.0	40.5	34.5	48.0	76.5	84.0	570.3
21 Construction Fund - Capital Projects	148.8	204.0	216.8	224.0	188.0	129.5	126.0	94.5	80.5	112.0	178.5	196.0	1,749.8
22 Total Projected Use of Funding Sources	\$ 186.8	\$ 251.8	\$ 270.4	\$ 295.3	\$ 248.3	\$ 198.4	\$ 192.9	\$ 223.2	\$ 203.5	\$ 248.7	\$ 344.0	\$ 369.3	\$ 2,845.8
Funding Sources Available for Future Capital Projects													
23 Improvement & Extension Fund	\$ 179.6	\$ 180.3	\$ 181.2	\$ 166.8	\$ 170.2	\$ 179.9	\$ 210.8	\$ 193.3	\$ 198.6	\$ 203.5	\$ 196.3	\$ 200.4	
24 Construction Fund	179.0	108.6	139.0	129.1	103.7	116.3	138.3	144.3	176.2	243.6	262.0	201.5	
25 Total Funding Sources Available for Future Capital Projects	\$ 358.6	\$ 288.9	\$ 320.2	\$ 295.9	\$ 273.9	\$ 296.1	\$ 349.1	\$ 337.5	\$ 374.9	\$ 447.1	\$ 458.4	\$ 402.0	

(a) For projected funding requirements the projected CIP spend is rounded up to nearest \$5M

Table 10 – GLWA Regional Sewer System Projected Statement of Revenues, Expenses and Changes in Net Position

	Projected (\$ millions)										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
1 Operating Revenues	\$ 530.3	\$ 552.7	\$ 577.6	\$ 603.5	\$ 630.7	\$ 659.0	\$ 688.3	\$ 719.1	\$ 751.3	\$ 784.9	\$ 819.8
Operating Expenses											
2 Operating Expenses before Depreciation	236.5	236.7	247.3	257.3	266.0	270.6	276.6	282.2	287.8	293.6	299.4
3 Depreciation Expense	145.9	144.0	147.6	155.4	155.8	153.8	163.7	185.7	204.1	221.5	246.7
4 Amortization of Intangible Assets	2.0	2.0	2.0	1.7	1.2	0.4	0.0	-	-	-	-
5 Total Operating Expenses	384.5	382.8	396.9	414.4	423.0	424.9	440.3	467.9	491.9	515.1	546.2
6 Operating Income	145.9	170.0	180.6	189.2	207.7	234.1	248.0	251.2	259.4	269.8	273.6
Nonoperating Revenues (Expenses)											
7 Earnings on Investments	15.8	12.5	12.4	13.2	15.2	15.1	13.1	13.1	13.9	14.9	15.1
8 Interest Income on Other Receivables	14.8	14.3	14.9	15.5	16.3	16.3	15.4	14.4	13.3	12.1	10.8
9 Interest Expense	(136.0)	(134.2)	(135.7)	(136.0)	(134.9)	(132.7)	(129.9)	(126.3)	(122.6)	(121.8)	(121.0)
10 Amortization of Debt Related Items	11.3	11.3	11.7	11.5	11.2	12.1	12.9	12.7	11.5	8.8	8.9
11 Legacy Pension Expense	6.5	(6.7)	0.4	1.2	0.3	0.5	0.7	0.8	0.9	1.1	1.3
12 WRAP	(2.6)	(2.7)	(2.9)	(3.0)	(3.1)	(3.3)	(3.4)	(3.6)	(3.7)	(3.9)	(4.1)
13 Other (includes loan forgiveness)	24.7	9.9	6.3	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
14 Total Nonoperating Expenses	(65.4)	(95.7)	(92.8)	(97.8)	(95.3)	(92.2)	(91.5)	(89.1)	(87.1)	(89.2)	(89.3)
15 Income Before Capital Contributions	80.5	74.2	87.8	91.4	112.4	141.9	156.5	162.2	172.3	180.6	184.4
16 Capital Contributions	66.7	15.6	-	-	-	-	-	-	-	-	-
17 Change in Net Position	147.2	89.8	87.8	91.4	112.4	141.9	156.5	162.2	172.3	180.6	184.4
18 Net Position (Deficit), Beginning of Year	12.0	159.2	249.0	336.8	428.2	540.5	682.4	838.9	1,001.1	1,173.3	1,353.9
19 Net Position (Deficit), End of Year	\$ 159.2	\$ 249.0	\$ 336.8	\$ 428.2	\$ 540.5	\$ 682.4	\$ 838.9	\$1,001.1	\$1,173.3	\$1,353.9	\$1,538.3

Table 11 – GLWA Regional Sewer System Projected Cash and Investment Balances

		Projected (\$ millions)										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Unrestricted Funds												
<u>Receiving Fund (Regional)</u>												
1	Beginning Balance	\$ 69.2	\$ 65.8	\$ 64.8	\$ 67.0	\$ 69.5	\$ 71.1	\$ 72.4	\$ 74.2	\$ 76.0	\$ 78.6	\$ 81.0
2	Investment Earnings	7.4	5.4	5.2	5.4	6.3	6.3	5.7	5.3	5.5	5.6	5.5
3	Receipts	530.3	552.7	577.6	603.5	630.7	659.0	688.3	719.1	751.3	784.9	819.8
4	MBO Transfers	(486.4)	(504.6)	(523.6)	(542.8)	(556.8)	(566.2)	(581.0)	(594.3)	(612.6)	(629.8)	(645.7)
5	I&E Transfers Out	(54.8)	(54.6)	(56.9)	(63.6)	(78.6)	(97.8)	(111.2)	(128.4)	(141.6)	(158.4)	(177.4)
6	Ending Balance Receiving	65.8	64.8	67.0	69.5	71.1	72.4	74.2	76.0	78.6	81.0	83.2
<u>O&M Fund (Regional)</u>												
7	Beginning Balance	65.9	68.0	69.5	70.9	72.6	74.5	76.3	77.8	79.4	81.0	82.6
8	Investment Earnings	2.0	1.5	1.5	1.6	1.9	1.9	1.5	1.6	1.6	1.6	1.7
9	Working Capital Needs	-	-	-	-	-	-	-	-	-	-	-
10	Ending Balance O&M	68.0	69.5	70.9	72.6	74.5	76.3	77.8	79.4	81.0	82.6	84.3
<u>ER&R Fund</u>												
11	Beginning Balance	44.5	45.8	46.9	47.8	48.9	50.6	51.9	53.0	54.3	55.7	57.3
12	Investment Earnings	1.4	1.0	1.0	1.1	1.3	1.3	1.0	1.1	1.1	1.1	1.1
13	MBO Transfers	-	-	-	-	0.4	-	0.1	0.2	0.4	0.4	0.4
14	Ending Balance ER&R	45.8	46.9	47.8	48.9	50.6	51.9	53.0	54.3	55.7	57.3	58.8
<u>I&E Fund (Regional)</u>												
15	Beginning Balance	173.3	180.3	181.2	166.8	170.2	179.9	210.8	193.3	198.6	203.5	196.3
16	Budgeted Capital Outlay	(11.8)	(15.4)	(15.3)	(13.3)	(13.4)	(12.9)	(88.2)	(88.5)	(88.7)	(89.0)	(89.3)
17	Transfer to Construction Fund	(36.0)	(38.3)	(56.0)	(47.0)	(55.5)	(54.0)	(40.5)	(34.5)	(48.0)	(76.5)	(84.0)
18	Deposits from Revenues	54.8	54.6	56.9	63.6	78.6	97.8	111.2	128.4	141.6	158.4	177.4
19	Ending Balance I&E	180.3	181.2	166.8	170.2	179.9	210.8	193.3	198.6	203.5	196.3	200.4
20	Total Unrestricted Funds	\$359.9	\$362.3	\$352.6	\$361.2	\$376.1	\$411.3	\$398.3	\$408.3	\$418.8	\$417.2	\$426.7
21	Days Cash on Hand	553	556	518	511	515	554	526	528	531	519	520
Restricted Funds												
<u>Receiving Fund (Local System) -Cash held fbo DWSD</u>												
22	Beginning Balance	33.8	33.8	33.8	33.8	33.8	33.8	33.8	33.8	33.8	33.8	33.8
23	Receipts	314.6	328.9	345.3	362.3	380.2	399.1	418.9	439.7	461.5	484.4	508.5
24	MBO Transfers	(313.4)	(326.4)	(340.9)	(356.5)	(373.7)	(391.1)	(408.0)	(425.2)	(442.8)	(461.2)	(480.3)
25	I&E Transfers to Local System	(1.2)	(2.5)	(4.4)	(5.8)	(6.5)	(8.0)	(10.9)	(14.5)	(18.7)	(23.2)	(28.2)
26	Ending Balance Receiving	33.8	33.8	33.8	33.8	33.8	33.8	33.8	33.8	33.8	33.8	33.8
27	Debt Service Fund *	19.2	22.2	25.8	30.5	25.4	26.3	28.6	29.3	29.7	29.4	26.3
28	Construction Fund (Regional System)	108.6	139.0	129.1	103.7	116.3	138.3	144.3	176.2	243.6	262.0	201.5
29	Budget Stabilization Fund	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
30	WRAP	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
31	Total Restricted Funds	\$168.2	\$201.6	\$195.3	\$174.6	\$182.1	\$205.0	\$213.3	\$245.9	\$313.6	\$331.8	\$268.2
32	Total Unrestricted and Restricted Funds	\$528.1	\$563.9	\$547.9	\$535.7	\$558.1	\$616.3	\$611.6	\$654.3	\$732.5	\$749.0	\$694.9

* The balance in the Debt Service Fund is net of the July 1st payment that is paid the day after the year end.

Table 12 – GLWA Regional Sewer System Projected Metrics

Metric	Metric Target Range	Projected (\$ millions)												
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036		
Operating Margin														
1	Depreciation & Amortization Expense	\$ 147.9	\$ 146.0	\$ 149.6	\$ 157.1	\$ 157.0	\$ 154.3	\$ 163.7	\$ 185.7	\$ 204.1	\$ 221.5	\$ 246.7		
2	Total Operating Expenses	\$ 384.5	\$ 382.8	\$ 396.9	\$ 414.4	\$ 423.0	\$ 424.9	\$ 440.3	\$ 467.9	\$ 491.9	\$ 515.1	\$ 546.2		
3	Operating Margin	\$ 145.9	\$ 170.0	\$ 180.6	\$ 189.2	\$ 207.7	\$ 234.1	\$ 248.0	\$ 251.2	\$ 259.4	\$ 269.8	\$ 273.6		
4	Operating Margin %	<25%	25%	40%	27.5%	30.7%	31.3%	31.3%	32.9%	35.5%	36.0%	34.9%	34.5%	34.4%
Regional Revenue Allocation														
5	O&M	43.6%	42.2%	42.3%	42.0%	41.4%	40.4%	39.6%	38.7%	37.7%	36.9%	36.0%		
6	Debt Service	>40%	40%	33%	39.7%	41.5%	41.2%	41.0%	40.1%	39.1%	38.8%	38.2%	38.3%	38.0%
7	Non-Operating Expense	6.6%	6.6%	6.8%	6.6%	6.3%	5.9%	5.7%	5.5%	5.4%	5.2%	5.0%		
8	Capital Financing	<u>10.1%</u>	<u>9.7%</u>	<u>9.7%</u>	<u>10.4%</u>	<u>12.2%</u>	<u>14.6%</u>	<u>15.9%</u>	<u>17.6%</u>	<u>18.6%</u>	<u>19.9%</u>	<u>21.3%</u>		
9	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
Other Metrics														
10	Days Cash	<400	400	500	553	556	518	511	515	554	526	528	531	519
11	Net Position	<150	150	250	\$ 159.2	\$ 249.0	\$ 336.8	\$ 428.2	\$ 540.5	\$ 682.4	\$ 838.9	\$1,001.1	\$1,173.3	\$1,353.9
12	Net Fixed Asset/Depreciation	<12	12	25	17	18	19	19	19	19	17	15	15	14

COMBINED REGIONAL AND LOCAL SYSTEMS PROJECTION

Combined Regional and Local Systems Ten Year Projection Assumptions

The tables in this section reflect the projection of the combined regional and local systems consistent with the Master Bond Ordinance (MBO) Flow of Funds. It includes the projections from the previous tables for the regional system and the assumptions for those tables. The projections and assumptions applied for the Local Water System have been developed in consultation with DWSD and align with the long-term forecast provided by DWSD.

The DWSD Board of Water Commissioners approved the two-year operating budgets for Fiscal Years 2026-27 and 2027-28 for the Water Operating Fund and the Sewage Disposal Operating Fund on March 18, 2026 ([Resolution 2026-65](#)). The DWSD Rates and Fees consistent with the FY 2026-2027 Revenue Requirements were approved on March 24, 2026 ([Resolution 2026-66](#)). The Five-Year Capital Improvement Plan for FY 2027 to 2031 for the DWSD Water Supply System and the Sewage Disposal System was approved April 15, 2026 ([Resolution 2026-81](#)).

DWSD Local System Assumptions

The DWSD budget included annual increases in revenues from retail water rates of 5.5% in FY 2026 and 5.9% in FY 2027. The DWSD projections included annual increases in revenues from retail water rates of 6.0% in FY 2028 and FY 2029, 6.5% from FY 2030 through FY 2033, and 6.0% thereafter through FY 2036. The Local System retail revenues are net of retail bad debt expense that is projected to be at 10% for the forecast period. The DWSD adopted budgets include annual increases in revenue from retail sewer rates of 4.6% in FY 2026 and 4.5% in FY 2027. The projected annual increases in revenues from retail sewer rates are 5.0% for FY 2028 through FY 2036. The Local System retail revenues are net of retail bad debt expense that is projected to be at 13.8% of total retail revenues for the forecast period.

The Local System O&M expenses are projected to increase 4 percent per year from FY 2027 through FY 2033 and 5% from FY 2034 to FY 2036.

The Local System SRF loans reflect amounts based on approved loans as well as loans that have not been approved yet. If the Local System is not able to secure the SRF loans for future projects, the projects will either be on hold or alternate funding source(s) will be pursued to complete the project.

The Local System contributes an additional 1.0% of total projected revenues from the Local Retail System water rates (excluding the wholesale portion of same) to WRAP.

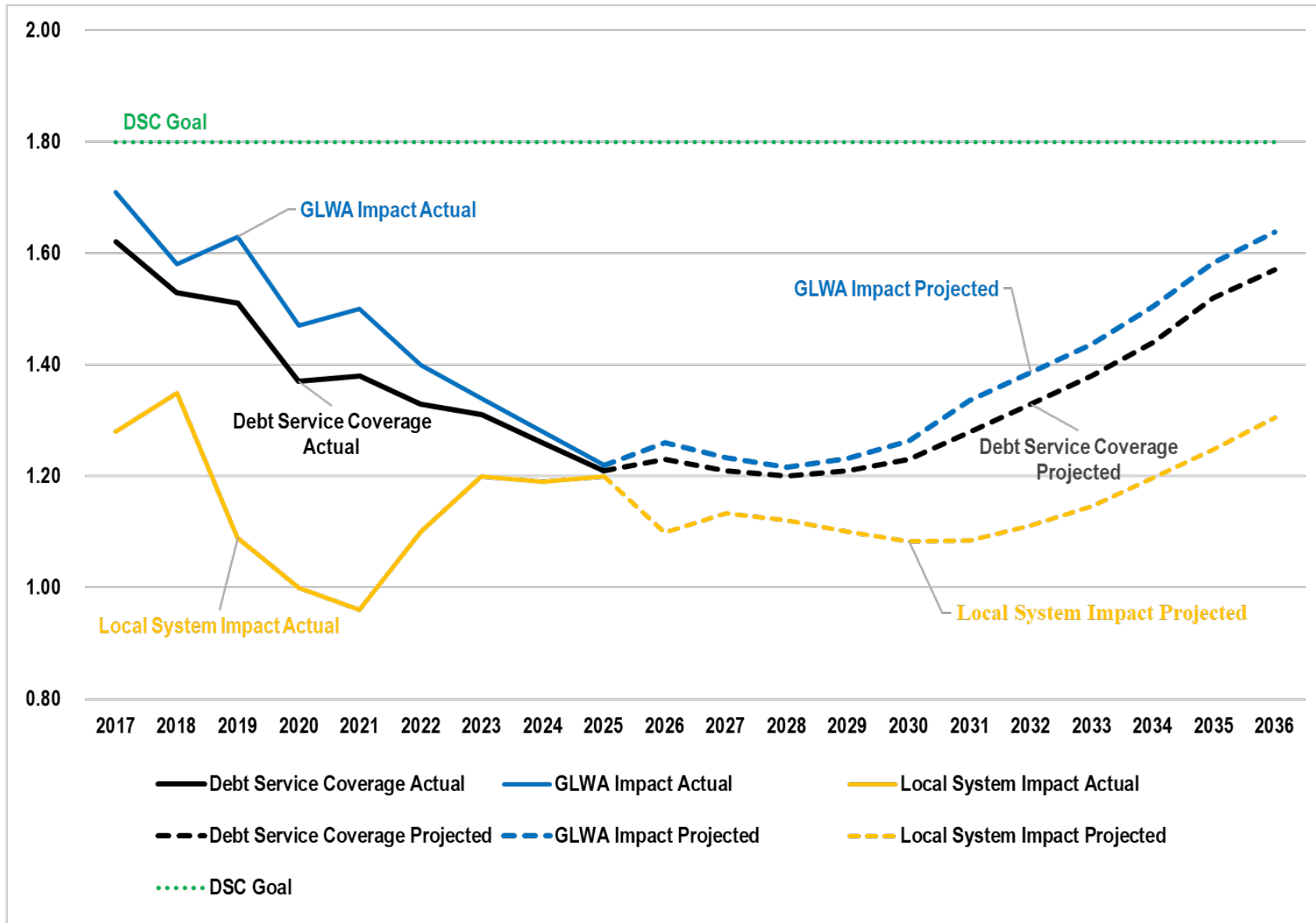
Any remaining amounts available from the local system receipts once the Local System revenue requirements are met are available for transfer to the Detroit Local System I&E Funds held within the Trust.

Combined Regional and Local Water Systems Ten Year Projection

MBO Table 1 – Combined Regional and Local Water Systems - Projected Sources of Revenue, Uses of Revenue Requirements and Debt Service Coverage

	Projected (\$ millions)											
	Adopted 2026	2026	Adopted 2027	Adopted 2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenue												
GLWA Regional System Revenues												
1 Wholesale Charges	\$ 365.6	\$ 365.6	\$ 384.4	\$ 406.0	\$ 428.8	\$ 452.8	\$ 478.3	\$ 505.2	\$ 533.8	\$ 564.0	\$ 596.1	\$ 630.0
2 Charges to Local System	30.0	30.0	33.1	36.1	39.5	43.0	46.8	50.8	55.0	59.4	64.2	69.2
3 Investment Earnings	12.8	11.8	8.7	8.4	9.1	10.8	10.9	9.6	10.0	10.3	10.3	10.7
4 Other Operating Revenue	0.3	0.3	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
5 Total GLWA Revenues	408.8	407.7	426.8	450.8	477.7	506.9	536.2	565.9	599.1	634.1	670.8	710.2
DWSD Local System Revenues												
6 Local System Retail	94.1	94.1	100.1	105.1	110.2	116.4	123.0	130.1	137.6	144.7	152.2	160.2
7 Other Operating Revenue	5.1	5.1	4.0	4.2	4.3	4.5	4.7	5.0	5.2	5.5	5.7	6.0
8 Total Local System Revenues	99.3	99.3	104.1	109.2	114.5	120.9	127.7	135.0	142.8	150.2	158.0	166.3
9 Total Revenues	\$ 508.0	\$ 507.0	\$ 530.9	\$ 560.1	\$ 592.2	\$ 627.8	\$ 664.0	\$ 700.9	\$ 741.9	\$ 784.3	\$ 828.8	\$ 876.4
Revenue Requirements												
10 Operations & Maintenance Expense	\$ 232.1	\$ 233.6	\$ 246.2	\$ 255.6	\$ 263.7	\$ 269.6	\$ 277.1	\$ 283.9	\$ 291.0	\$ 298.9	\$ 307.0	\$ 315.5
Debt Service												
11 Senior Lien Bonds	153.7	146.8	157.1	175.8	192.7	206.8	214.8	223.7	224.4	241.1	270.8	176.6
12 Second Lien Bonds	50.7	56.2	58.4	59.1	59.1	62.0	61.1	62.0	72.7	64.7	41.8	148.0
13 SRF Junior Lien Bonds	19.8	19.6	19.0	19.1	20.4	22.7	25.2	27.5	30.0	30.5	31.1	31.6
14 Total Debt Service	224.3	222.6	234.5	254.0	272.3	291.4	301.1	313.3	327.1	336.3	343.7	356.2
15 General Retirement System Pension	4.7	4.7	4.5	4.3	4.2	4.2	4.1	4.1	4.0	4.0	4.2	3.9
16 WRAP Contribution	2.9	2.9	3.1	3.2	3.4	3.7	3.9	4.1	4.4	4.6	4.9	5.2
17 Extraordinary Repair & Replacement Deposit	0.3	0.3	0.2	0.6	0.3	-	-	0.2	0.2	0.3	0.3	0.3
18 Lease Payment	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
19 Working Capital Requirement	0.6	-	0.6	5.3	5.1	5.3	3.8	4.0	4.4	3.9	3.8	4.6
20 Available for Revenue Financed Capital	20.6	20.4	19.2	14.5	20.6	31.1	51.5	68.8	88.3	113.7	142.4	168.2
21 Total Revenue Requirements	\$ 508.0	\$ 507.0	\$ 530.9	\$ 560.1	\$ 592.2	\$ 627.8	\$ 664.0	\$ 700.9	\$ 741.9	\$ 784.3	\$ 828.8	\$ 876.4
22 Pledged Revenue (Line 9 - Line 10)	\$ 275.9	\$ 273.4	\$ 284.6	\$ 304.5	\$ 328.5	\$ 358.2	\$ 386.9	\$ 417.0	\$ 450.9	\$ 485.4	\$ 521.8	\$ 560.9
Debt Service Coverage - Rate Covenant Basis												
23 Senior Lien Bonds	1.79	1.86	1.81	1.73	1.70	1.73	1.80	1.86	2.01	2.01	1.93	3.18
24 Senior and Second Lien Bonds	1.35	1.35	1.32	1.30	1.30	1.33	1.40	1.46	1.52	1.59	1.67	1.73
25 All Bonds, including SRF Junior Lien	1.23	1.23	1.21	1.20	1.21	1.23	1.28	1.33	1.38	1.44	1.52	1.57

MBO Table 2 – Combined Regional and Local Water Systems - Debt Service Coverage



MBO Table 3 – Combined Regional and Local Water Systems - Projected New Debt Issuances for CIP Funding

		Projected (\$ millions)										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Local System												
1	New Bonds	\$ -	\$ 40.0	\$ 35.0	\$ 35.0	\$ 25.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	SRF Financing*											
2	Draws on Existing	0.1	4.1	8.3	-	-	-	-	-	-	-	-
3	New Loans	-	20.3	40.2	44.0	52.0	52.0	10.0	10.0	10.0	10.0	10.0
4	Total Local System	0.1	64.4	83.6	79.0	77.0	52.0	10.0	10.0	10.0	10.0	10.0
Regional System												
5	New Bonds	158.0	243.0	228.0	188.0	82.0	150.0	176.0	143.0	152.0	142.0	137.0
	SRF Financing*											
6	Draws on Existing	6.7	-	-	-	-	-	-	-	-	-	-
7	New Loans	-	-	-	-	-	-	-	-	-	-	-
8	Total Regional System	164.7	243.0	228.0	188.0	82.0	150.0	176.0	143.0	152.0	142.0	137.0
Combined Systems												
9	New Bonds	158.0	283.0	263.0	223.0	107.0	150.0	176.0	143.0	152.0	142.0	137.0
	SRF Financing*											
10	Draws on Existing	6.8	4.1	8.3	-	-	-	-	-	-	-	-
11	New Loans	-	20.3	40.2	44.0	52.0	52.0	10.0	10.0	10.0	10.0	10.0
12	Total New Debt	\$ 164.8	\$ 307.4	\$ 311.6	\$ 267.0	\$ 159.0	\$ 202.0	\$ 186.0	\$ 153.0	\$ 162.0	\$ 152.0	\$ 147.0

* Draws on existing loans are for loans that existed on June 30, 2025. Draws on new loans are for loans issued after June 30, 2025.

MBO Table 4 – Combined Regional and Local Water Systems – Projected Financial Metrics

Metric	Metric Target Range	Projected (\$ millions)													
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036			
Debt Service Coverage															
1	Net Revenue - Regional System	\$ 223.8	\$ 233.2	\$ 250.1	\$ 271.1	\$ 296.8	\$ 321.0	\$ 346.4	\$ 375.2	\$ 405.7	\$ 437.9	\$ 472.6			
2	Net Revenue - Local System	49.6	51.4	54.4	57.4	61.4	65.8	70.6	75.8	79.7	83.9	88.4			
3	Total Net Revenues	\$ 273.4	\$ 284.6	\$ 304.5	\$ 328.5	\$ 358.2	\$ 386.9	\$ 417.0	\$ 450.9	\$ 485.4	\$ 521.8	\$ 560.9			
4	Debt Service Coverage	<1.25	1.25	1.70	1.23	1.21	1.20	1.21	1.23	1.28	1.33	1.38	1.44	1.52	1.57
5	Sr. Lien Debt Service Coverage	<1.50	1.50	2.00	1.86	1.81	1.73	1.70	1.73	1.80	1.86	2.01	2.01	1.93	3.18
Debt to Operating Revenue															
6	Operating Revenue	\$ 507.0	\$ 530.9	\$ 560.1	\$ 592.2	\$ 627.8	\$ 664.0	\$ 700.9	\$ 741.9	\$ 784.3	\$ 828.8	\$ 876.4			
7	Debt Balance without additions	\$2,691.7	\$2,729.2	\$2,900.0	\$3,065.6	\$3,173.6	\$3,164.5	\$3,188.4	\$3,185.1	\$3,140.2	\$3,097.8	\$3,032.6			
8	Debt Additions	164.8	307.4	311.6	267.0	159.0	202.0	186.0	153.0	162.0	152.0	147.0			
9	Outstanding Debt *	\$2,856.5	\$3,036.6	\$3,211.6	\$3,332.6	\$3,332.6	\$3,366.5	\$3,374.4	\$3,338.1	\$3,302.2	\$3,249.8	\$3,179.6			
10	Debt to Operating Revenue	>7.00	7.00	4.00	5.63	5.72	5.73	5.63	5.31	5.07	4.81	4.50	4.21	3.92	3.63

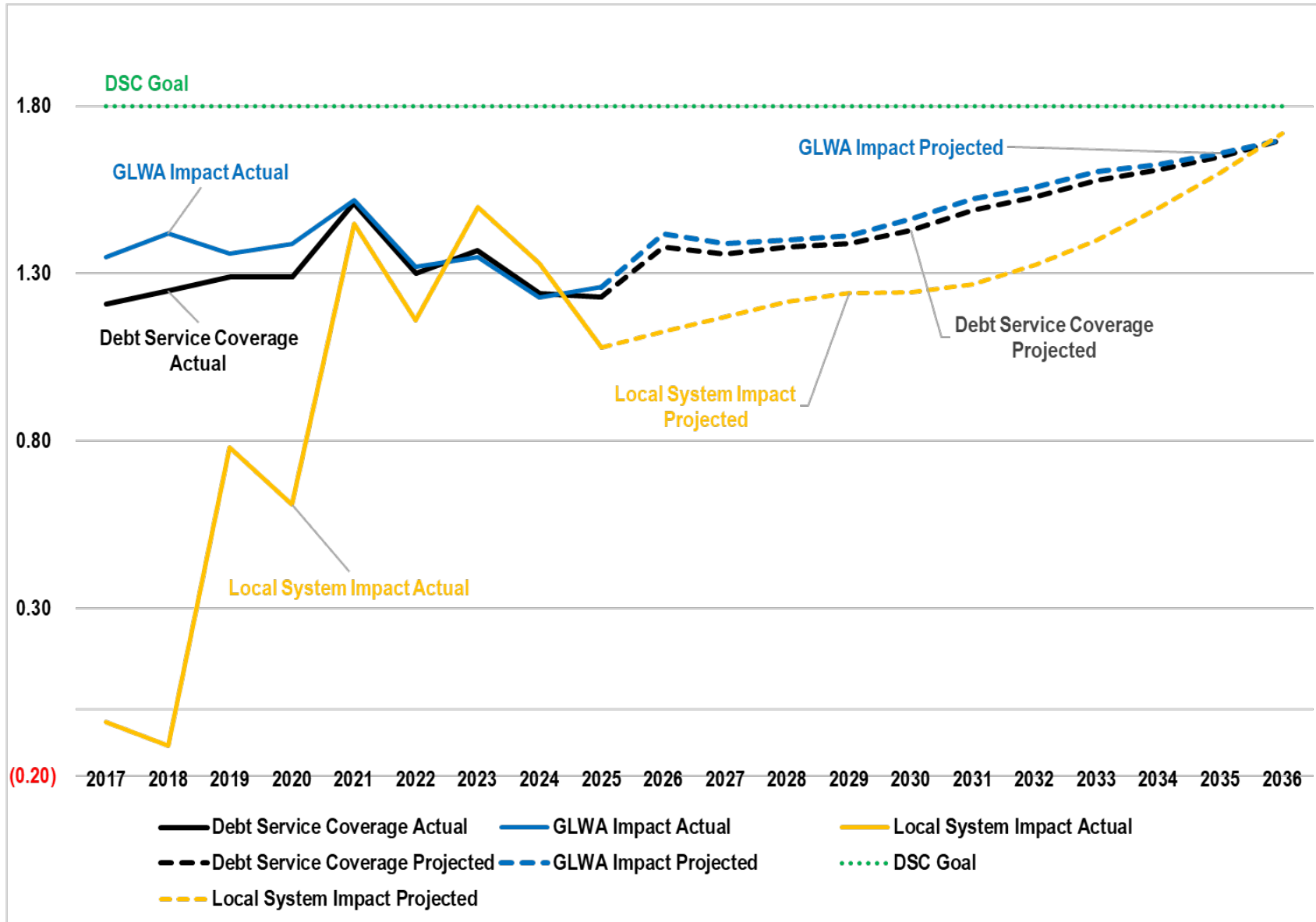
** Outstanding debt balance is net of July 1st payments made after the fiscal year end of June 30th, as funds have already been set aside for the July 1st payments during the previous fiscal year.*

Combined Regional and Local Sewage Disposal System Ten Year Projection

MBO Table 5 – Combined Regional and Local Sewage Disposal Systems - Projected Sources of Revenue, Uses of Revenue Requirements and Debt Service Coverage

	Projected (\$ millions)											
	Adopted 2026	2026	Adopted 2027	Adopted 2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenue												
GLWA Regional System Revenues												
1 Wholesale Charges	\$ 300.3	\$ 300.3	\$ 312.3	\$ 326.6	\$ 341.0	\$ 356.1	\$ 371.9	\$ 388.2	\$ 405.3	\$ 423.2	\$ 441.9	\$ 461.4
2 Charges to Local System	215.3	215.3	225.3	235.2	246.1	257.4	269.2	281.5	294.3	307.7	321.7	336.3
3 Industrial Waste Charges	9.2	9.2	9.5	9.9	10.4	10.9	11.3	11.8	12.4	12.9	13.5	14.1
4 Pollutant Surcharges	5.1	5.1	5.1	5.3	5.6	5.8	6.1	6.4	6.7	7.0	7.3	7.6
5 Investment Earnings	14.6	14.1	10.5	10.2	10.9	12.9	12.7	11.0	10.8	11.2	11.5	11.6
6 Other Operating Revenue	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
7 Total GLWA Revenues	545.0	544.4	563.2	587.8	614.5	643.5	671.8	699.3	729.9	762.5	796.3	831.4
DWSD Local System Revenues												
8 Local System Retail	88.1	88.1	93.6	99.7	105.6	111.9	118.5	125.7	133.2	141.2	149.6	158.6
9 Other Operating Revenue	8.3	8.3	7.0	7.3	7.6	7.9	8.3	8.7	9.1	9.6	10.0	10.6
10 Total Local System Revenues	96.4	96.4	100.6	107.0	113.2	119.8	126.8	134.4	142.3	150.7	159.7	169.1
11 Total Revenues	\$ 641.3	\$ 640.8	\$ 663.8	\$ 694.7	\$ 727.7	\$ 763.3	\$ 798.6	\$ 833.7	\$ 872.3	\$ 913.2	\$ 956.0	\$ 1,000.5
Revenue Requirements												
12 Operations & Maintenance Expense	\$ 296.2	\$ 297.7	\$ 300.5	\$ 313.7	\$ 326.2	\$ 337.3	\$ 344.9	\$ 353.3	\$ 361.9	\$ 371.6	\$ 381.7	\$ 392.0
Debt Service												
13 Senior Lien Bonds	158.6	154.3	163.9	168.0	174.7	168.7	176.2	194.6	195.4	126.5	93.4	104.3
14 Second Lien Bonds	56.4	56.6	60.3	60.1	53.9	65.6	64.5	51.1	55.5	136.1	180.9	183.7
15 SRF Junior Lien Bonds	38.1	37.6	42.0	48.7	59.8	62.8	64.0	69.3	72.9	73.7	73.1	69.4
16 Total Debt Service	253.1	248.4	266.2	276.8	288.4	297.2	304.8	315.0	323.8	336.4	347.4	357.4
17 General Retirement System Pension	7.1	7.1	6.7	6.3	6.3	6.2	6.1	6.0	5.9	5.8	6.2	6.0
18 WRAP Contribution	4.1	4.1	4.2	4.4	4.7	4.9	5.1	5.4	5.6	5.9	6.2	6.5
19 Extraordinary Repair & Replacement Deposit	-	-	-	-	-	0.4	-	0.1	0.2	0.4	0.4	0.4
20 Lease Payment	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
21 Working Capital Requirement	-	-	1.5	4.7	5.2	4.8	4.4	4.4	4.4	5.3	5.1	5.0
22 Available for Revenue Financed Capital	53.3	56.0	57.1	61.3	69.4	85.1	105.8	122.1	142.8	160.3	181.5	205.6
23 Total Revenue Requirements	\$ 641.3	\$ 640.8	\$ 663.8	\$ 694.7	\$ 727.7	\$ 763.3	\$ 798.6	\$ 833.7	\$ 872.3	\$ 913.2	\$ 956.0	\$ 1,000.5
24 Pledged Revenue (Line 11 - Line 12)	\$ 345.1	\$ 343.1	\$ 363.3	\$ 381.0	\$ 401.5	\$ 426.0	\$ 453.7	\$ 480.4	\$ 510.3	\$ 541.5	\$ 574.3	\$ 608.5
Debt Service Coverage Rate Covenant Basis												
25 Senior Lien Bonds	2.18	2.22	2.22	2.27	2.30	2.52	2.58	2.47	2.61	4.28	6.15	5.83
26 Senior and Second Lien Bonds	1.61	1.63	1.62	1.67	1.76	1.82	1.88	1.96	2.03	2.06	2.09	2.11
27 All Bonds, including SRF	1.36	1.38	1.36	1.38	1.39	1.43	1.49	1.53	1.58	1.61	1.65	1.70

MBO Table 6 – Combined Regional and Local Sewage Disposal Systems - Debt Service Coverage



MBO Table 7 – Combined Regional and Local Sewage Disposal Systems - Projected New Debt Issuances for CIP Funding

		Projected (\$ millions)										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Local System												
1	New Bonds	\$ -	\$ 25.0	\$ 25.0	\$ 30.0	\$ 15.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	SRF Financing*											
2	Draws on Existing	2.7	6.0	2.8	-	-	-	-	-	-	-	-
3	New Loans	-	4.2	18.8	29.6	31.2	24.0	-	-	-	-	-
4	Total Local System	2.7	35.2	46.6	59.6	46.2	24.0	-	-	-	-	-
Regional System												
5	New Bonds	26.0	76.0	65.0	39.0	51.0	73.0	79.0	111.0	178.0	195.0	133.0
	SRF Financing*	-	-	-	-	-	-	-	-	-	-	-
6	Draws on Existing	102.6	131.7	91.9	57.1	58.1	52.5	11.7	-	-	-	-
7	New Loans	0.0	27.9	48.8	64.5	31.0	20.8	8.3	8.8	-	-	-
8	Total Regional System	128.6	235.6	205.7	160.6	140.1	146.2	98.9	119.8	178.0	195.0	133.0
Combined Systems												
9	New Bonds	26.0	101.0	90.0	69.0	66.0	73.0	79.0	111.0	178.0	195.0	133.0
	SRF Financing*											
10	Draws on Existing	105.3	137.7	94.7	57.1	58.1	52.5	11.7	-	-	-	-
11	New Loans	0.0	32.1	67.6	94.1	62.2	44.8	8.3	8.8	-	-	-
12	Total New Debt	\$ 131.3	\$ 270.8	\$ 252.3	\$ 220.2	\$ 186.3	\$ 170.2	\$ 98.9	\$ 119.8	\$ 178.0	\$ 195.0	\$ 133.0

** Draws on existing loans are for loans that existed on June 30, 2025. Draws on new loans are for loans issued after June 30, 2025.*

MBO Table 8 – Combined Regional and Local Sewage Disposal Systems – Projected Financial Metrics

Metric	Metric Target Range	Projected (\$ millions)													
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036			
Debt Service Coverage															
1	Net Revenue - Regional System	\$ 306.9	\$ 325.4	\$ 339.3	\$ 356.2	\$ 377.0	\$ 400.5	\$ 422.7	\$ 447.8	\$ 474.6	\$ 502.8	\$ 531.9			
2	Net Revenue - Local System	36.3	37.9	41.7	45.2	49.0	53.2	57.7	62.6	66.9	71.6	76.6			
3	Total Net Revenues	\$ 343.1	\$ 363.3	\$ 381.0	\$ 401.5	\$ 426.0	\$ 453.7	\$ 480.4	\$ 510.3	\$ 541.5	\$ 574.3	\$ 608.5			
4	Debt Service Coverage	<1.25	1.25	1.70	1.38	1.36	1.38	1.39	1.43	1.49	1.53	1.58	1.61	1.65	1.70
5	Sr. Lien Debt Service Coverage	<1.50	1.50	2.00	2.22	2.22	2.27	2.30	2.52	2.58	2.47	2.61	4.28	6.15	5.83
Debt to Operating Revenue															
6	Operating Revenue	\$ 640.8	\$ 663.8	\$ 694.7	\$ 727.7	\$ 763.3	\$ 798.6	\$ 833.7	\$ 872.3	\$ 913.2	\$ 956.0	\$1,000.5			
7	Debt Balance without additions	\$2,643.2	\$2,613.3	\$2,714.1	\$2,785.7	\$2,815.7	\$2,801.5	\$2,758.0	\$2,631.7	\$2,503.6	\$2,432.4	\$2,369.4			
8	Debt Additions	131.3	270.8	252.3	220.2	186.3	170.2	98.9	111.0	178.0	195.0	133.0			
9	Outstanding Debt *	\$2,774.5	\$2,884.1	\$2,966.4	\$3,005.8	\$3,002.0	\$2,971.7	\$2,856.9	\$2,742.7	\$2,681.6	\$2,627.4	\$2,502.4			
10	Debt to Operating Revenue	>7.00	7.00	4.00	4.33	4.35	4.27	4.13	3.93	3.72	3.43	3.14	2.94	2.75	2.50

* Outstanding debt balance is net of July 1st payments made after the fiscal year end of June 30th, as funds have already been set aside for the July 1st payments during the previous fiscal year.

LOCAL SYSTEM CAPITAL IMPROVEMENT PLAN PROJECTIONS

Local System Projection Information

The following tables were used to project the new bond issue financing needs for the local system which is included in the MBO Flow of Funds Projection section MBO Table 3 and MBO Table 7. The Local Water System projections have been developed in consultation with DWSD and align with the long-term forecast provided by DWSD.

Local Table 1 – Local Water System Capital Improvement Plan Projected Funding Sources

	Adopted	Projected (\$ millions)												
	2026	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total	
Funding Requirements														
1	DWSD Local System CIP	\$ 115.3	\$ 115.3	\$ 109.2	\$ 142.1	\$ 141.7	\$ 144.2	\$ 127.3	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	
2	Execution Factor	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
3	Projected Local System CIP Spend	\$ 92.2	\$ 92.2	\$ 87.4	\$ 113.6	\$ 113.4	\$ 115.4	\$ 101.9	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 823.8	
Funding Sources														
<u>DWSD Local System Improvement and Extension Fund</u>														
4	Beginning Balance	\$ 24.5	\$ 24.5	\$ 23.4	\$ 13.4	\$ 18.3	\$ 15.2	\$ 11.6	\$ 13.7	\$ 10.7	\$ 10.2	\$ 13.0	\$ 19.2	\$ 24.5
5	Deposits from Lease Payment	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	247.5
6	GLWA Reimbursement	0.4	0.4	0.1	1.1	0.2	0.2	0.3	-	-	-	-	-	2.4
7	State DWSRF Financing	8.0	0.1	24.4	48.6	44.0	52.0	52.0	10.0	10.0	10.0	10.0	10.0	271.0
8	Grant Reimbursements	27.7	35.6	10.5	6.9	-	-	-	-	-	-	-	-	52.9
9	Investment Income	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	5.4
10	Interfund Transfer	-	-	(7.0)	7.0	-	-	-	-	-	-	-	-	-
11	Revenue Financed Capital	1.5	1.6	3.1	2.9	2.3	1.7	2.0	4.0	6.5	9.8	13.3	17.3	64.5
12	Available from I&E Fund	85.0	85.0	77.4	102.9	87.8	92.2	89.0	50.7	50.2	53.0	59.2	69.5	
<u>Construction Bond Funds</u>														
13	Beginning Balance	63.0	63.0	17.0	41.6	41.5	36.8	27.9	1.6	1.8	2.0	2.2	2.4	63.0
14	Bond Proceeds	-	-	40.0	35.0	35.0	25.0	-	-	-	-	-	-	135.0
15	Interfund Transfer	-	-	7.0	(7.0)	-	-	-	-	-	-	-	-	-
16	Investment Income	3.0	3.0	1.0	1.0	1.0	1.0	0.2	0.2	0.2	0.2	0.2	0.2	8.2
17	Available from Construction Fund	66.0	66.0	65.0	70.6	77.5	62.8	28.1	1.8	2.0	2.2	2.4	2.6	
18	Total Financing Sources Available	\$ 151.0	\$ 151.0	\$ 142.4	\$ 173.5	\$ 165.3	\$ 154.9	\$ 117.1	\$ 52.5	\$ 52.1	\$ 55.1	\$ 61.6	\$ 72.1	\$ 874.4
Projected Use of Funding Sources														
19	I&E Funds - Capital Projects	\$ 61.6	\$ 61.6	\$ 64.0	\$ 84.6	\$ 72.6	\$ 80.5	\$ 75.3	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 638.6
20	Construction Fund - Capital Projects	30.6	49.0	23.4	29.1	40.8	34.8	26.6	-	-	-	-	-	203.6
21	Total Projected Use of Funding Sources	\$ 92.2	\$ 110.6	\$ 87.4	\$ 113.6	\$ 113.4	\$ 115.4	\$ 101.9	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 842.2
Funding Sources Available for Future Capital Projects														
22	Improvement & Extension Fund	\$ 23.4	\$ 23.4	\$ 13.4	\$ 18.3	\$ 15.2	\$ 11.6	\$ 13.7	\$ 10.7	\$ 10.2	\$ 13.0	\$ 19.2	\$ 29.5	
23	Construction Bond Funds	35.4	17.0	41.6	41.5	36.8	27.9	1.6	1.8	2.0	2.2	2.4	2.6	
24	Total Funding Sources Available for Future Capital Projects	\$ 58.8	\$ 40.4	\$ 55.0	\$ 59.8	\$ 52.0	\$ 39.6	\$ 15.3	\$ 12.5	\$ 12.1	\$ 15.1	\$ 21.6	\$ 32.1	

Local Table 2 – Local Sewer System Capital Improvement Plan Projected Funding Sources

	Adopted	Projected (\$ millions)											Total	
	2026	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036		
Funding Requirements														
1	DWSD Local System CIP	\$ 159.7	\$ 159.7	\$ 124.5	\$ 202.4	\$ 176.8	\$ 159.1	\$ 121.6	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	
2	Execution Factor	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	
3	Projected Local System CIP Spend	\$ 127.7	\$ 127.7	\$ 99.6	\$ 161.9	\$ 141.4	\$ 127.3	\$ 97.3	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 955.3
Funding Sources														
<u>DWSD Local System Improvement and Extension Account</u>														
4	Beginning Balance	\$ 38.5	\$ 38.5	\$ 39.2	\$ 39.6	\$ 33.7	\$ 35.7	\$ 48.5	\$ 58.9	\$ 57.8	\$ 60.2	\$ 66.9	\$ 78.1	\$ 38.5
5	Deposits from Lease Payment	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	302.5
6	GLWA Reimbursement	0.4	0.4	0.1	1.1	0.2	0.2	0.3	-	-	-	-	-	2.4
7	State CWSRF Financing	8.0	2.7	10.2	21.6	29.6	31.2	24.0	-	-	-	-	-	119.3
8	State CWSRF Loan Forgiveness	4.1	2.2	-	-	-	-	-	-	-	-	-	-	2.2
9	Grant Reimbursements	67.3	74.4	37.0	72.4	53.0	45.6	30.0	-	-	-	-	-	312.4
10	Investment Income	0.8	0.8	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	8.3
11	Revenue Financed Capital	1.1	1.2	2.5	4.4	5.8	6.5	8.0	10.9	14.5	18.7	23.2	28.2	123.9
12	Available from I&E Fund	147.7	147.7	117.5	167.6	150.8	147.8	139.3	97.8	100.2	106.9	118.1	134.3	
<u>Construction Bond Funds</u>														
13	Beginning Balance	43.0	43.0	25.3	29.5	27.0	31.6	19.1	2.4	2.5	2.6	2.7	2.8	43.0
14	Bond Proceeds	-	-	25.0	25.0	30.0	15.0	-	-	-	-	-	-	95.0
15	Investment Income	1.5	1.5	1.0	0.5	1.0	0.5	0.1	0.1	0.1	0.1	0.1	0.1	5.1
16	Available from Construction Fund	44.5	44.5	51.3	55.0	58.0	47.1	19.2	2.5	2.6	2.7	2.8	2.9	
17	Total Funding Sources Available	\$ 192.2	\$ 192.2	\$ 168.8	\$ 222.6	\$ 208.8	\$ 194.9	\$ 158.6	\$ 100.3	\$ 102.9	\$ 109.7	\$ 121.0	\$ 137.3	\$1,052.6
Projected Use of Funding Sources														
18	I&E Funds - Capital Projects	\$ 108.5	\$ 108.5	\$ 77.9	\$ 133.9	\$ 115.0	\$ 99.3	\$ 80.5	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 815.1
19	Construction Fund - Capital Projects	19.2	19.2	21.8	28.0	26.4	28.0	16.8	-	-	-	-	-	140.2
20	Total Projected Use of Funding Sources	\$ 127.7	\$ 127.7	\$ 99.6	\$ 161.9	\$ 141.4	\$ 127.3	\$ 97.3	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 40.0	\$ 955.3
Funding Sources Available for Future Capital Projects														
21	Improvement & Extension Fund	\$ 39.2	\$ 39.2	\$ 39.6	\$ 33.7	\$ 35.7	\$ 48.5	\$ 58.9	\$ 57.8	\$ 60.2	\$ 66.9	\$ 78.1	\$ 94.3	
22	Construction Bond Funds	25.3	25.3	29.5	27.0	31.6	19.1	2.4	2.5	2.6	2.7	2.8	2.9	
23	Total Funding Sources Available for Future Capital Projects	\$ 64.5	\$ 64.5	\$ 69.2	\$ 60.7	\$ 67.4	\$ 67.6	\$ 61.3	\$ 60.3	\$ 62.9	\$ 69.7	\$ 81.0	\$ 97.3	



Financial Services Audit Committee Communication

Date: May 22, 2026

To: Great Lakes Water Authority Audit Committee

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

Re: CFO Report

GLWA Hosts Annual Water & Wastewater CFO Forum

In May, the Great Lakes Water Authority was proud to host the annual Water & Wastewater CFO Forum. This annual conference provides an opportunity for senior financial leadership within the water and wastewater sector to engage in collaborative and insightful discussion specific to the issues facing the industry. The conference was held at the SEMCOG offices in downtown Detroit and included a tour of Water Works Park and the surrounding area, sessions on Water Affordability, Infrastructure Funding, Artificial Intelligence Industry Impacts, Rating Agency Insights, Regulatory Uncertainty, System Resiliency, Software Implementation Challenges and Cybersecurity Concerns. GLWA Chief Executive Officer Suzanne Coffey opened the event noting GLWA's strength coming from meaningful internal collaboration and how that supports Member Partner service and transparency. Chief Financial Officer & Treasurer, Nicolette Bateson and Finance Director, Scott Garrigan led a panel discussion relating to the efforts of the GLWA Water Funding Task Force.

FSA Team Member Training

On Friday, April 10, 2026, the Financial Services Area team held their Quarterly Training event. The training this quarter focused on a review of the GLWA policy on the use of Artificial Intelligence. The presentation was kicked off with team-member led demonstrations using Microsoft CoPilot and its benefits in the workplace. The event also provided the opportunity to discuss updates across the organization, upcoming training opportunities as well as a reminder of the resources available to all our team members.

Charges and Outreach Continue Contract Reopeners

The GLWA Contract Reopener Team began meeting with Water Member Partners in February. Four months into the process, the team has met with 36 member partners. The process will continue into the Fall, until all contracts have been approved.

Procurement Updates

The Procurement Team focused on several vendor outreach events this past month.

Design Build Institute of America - In April, Sonya Collins and Jeanette Driver attended the Design Build Institute of America (DBIA) Water/Wastewater Conference. The national industry event focused on design build delivery within the water and wastewater sector. The conference brought together public utilities, engineering firms, contractors, and suppliers from across the country. With more than 1,600 attendees and participation from over 150 vendor firms, the event created opportunities to strengthen existing relationships and expand GLWA's vendor network through targeted engagement efforts.

Throughout the conference, Sonya and Jeanette met with construction and engineering firms that have previously conducted business with GLWA, as well as subcontractors and potential new partners unfamiliar with GLWA. These interactions focused on helping vendors better understand upcoming opportunities, qualification requirements, and how to successfully navigate GLWA's procurement process from registration to project delivery. Engagement efforts were intentionally segmented to maximize impact and ensure tailored discussions for each vendor group.

In addition to these one-on-one conversations, GLWA used the conference to gather insights into current industry trends, potential participation barriers, and best practices that may enhance GLWA's solicitation and contracting processes. The conference served as a valuable platform for outreach, information-sharing, and relationship-building. In addition, it strengthened GLWA's presence within the design-build water sector while supporting ongoing efforts to expand the diversity and depth of vendor participation.

Business in the City Event - On April 27, 2026, Michael Lasley and Jeanette Driver attended *Business in the City: Contracting & Supplying Opportunities* hosted by the Detroit Economic Growth Corporation's Buy Detroit Program in partnership with the Detroit Legacy Business Project. The event featured matchmaking sessions where representatives from eight buying organizations were strategically matched with businesses for 10-minute one-on-one meetings. Over 75 businesses in total attended the event. GLWA sat down with six businesses to help them better understand upcoming opportunities, the qualifications required to work with GLWA, and how to navigate our procurement process from start to finish. In addition, the event also featured a panel discussion on Preparing Detroit Businesses for Growth and presentations by the City of Detroit's Civil Rights, Inclusion, & Opportunity Department as well as the Office of Contracting & Procurement.

Michigan Public Purchasing Officers Association Reverse Trade Fair - Also in April, team members Sonya Collins, Michael Lasley, Jeanette Driver, Tina Clinkscales, and Sean Hallock attended the 17th Annual Michigan Public Purchasing Officers Association (MPPOA) Reverse Trade Fair. The event provided vendors, contractors, and consultants with the opportunity to meet with procurement professionals from around the state of Michigan. The event featured procurement representatives from 30 publicly funded agencies and provided over 138 vendors with an efficient and cost-effective way to meet with numerous agencies.

Throughout the day-long event, GLWA representatives introduced vendors to the fundamentals of GLWA's procurement process, including information on how to submit a successful bid or proposal submission to GLWA open opportunities. GLWA welcomed the opportunity to meet with many new and familiar faces from both the Procurement and Vendor communities, and we thank the MPPOA for hosting the event.

GLWA

Great Lakes Water Authority



Monthly Financial Report Binder

February 2026

**Presented to the
Great Lakes Water Authority
Audit Committee on May 22, 2026**

TABLE OF CONTENTS

Executive Summary Dashboard 1

Revenue Requirements Budget

 Budget to Actual Analysis 4

GAAP-Basis Financial Statements

 Basic Financial Statements 13

 Financial Activity Charts..... 21

 Crosswalk 24

 Financial Operations Key Performance Indicators 29

 Bank Reconciliations 29

Supplemental Sections

 Capital Improvement Plan Financial Summary 31

 Master Bond Ordinance Transfers..... 34

 Cash and Investments..... 41

 Retail Revenues, Receivables, & Collections 45

 Wholesale Billings, Receivables, & Collections 51

 Trust Receipts and Disbursements..... 56

 Liquidity 64



Key Financial Metrics

The table below provides key report highlights and flags the financial risk of a budget shortfall or need for year-end budget amendments as follows: No Risk (green) - Potential (yellow) - Likely (red)

Variations are monitored by the Great Lakes Water Authority (GLWA) management. Operating and/or budget priorities are re-evaluated where appropriate. This report includes first quarter budget amendments as presented to the GLWA Board of Directors on January 28, 2026 and third quarter amendments approved on April 22, 2026 for the Capital Improvement Plan Summary section only.

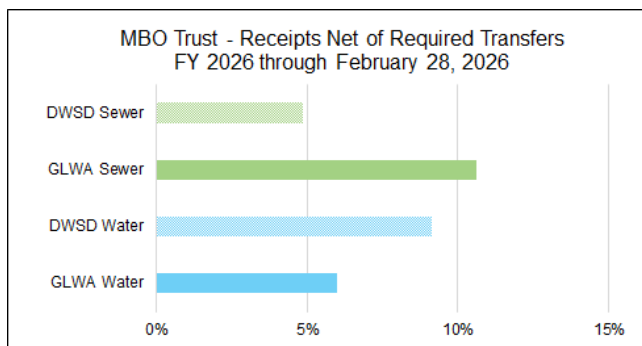
Investment earnings currently exceed the FY 2026 amended budget to date. Although interest rates are expected to continue to decline, this decline will not occur consistently throughout the year. In addition, current events may impact projections related to federal fund rate cuts. That driver behind positive news on investment earnings has a negative impact on commodity-based chemicals, supplies and materials. These scenarios will likely result in further budget amendments in FY 2026.

Water system variances for capital relates to delays in four projects as reported in a recent Key Performance Indicator Report (Legistar #2025-413). Sewer system capital spend is substantially above plan because of a recent increase in State Revolving Fund (SRF) loans awarded for projects that were approaching construction phase. In September 2025, GLWA was notified of 5 projects that received a total of \$232.7 million in funding which advanced the pace of those projects.

As of February 28, 2026					
Metric	FY 2026 Budget	FY 2026 Amended Budget	FY 2026 Actual	Variance from Financial Plan	Report Page Reference
Wholesale Water Revenue (\$M)	\$243.8	\$243.8	\$248.6	2%	5
Wholesale Water Billed Usage (mcf)	8,798,000	8,798,000	9,021,000	3%	52
Wholesale Sewer Revenue (\$M)	\$200.2	\$200.2	\$200.0	0%	6
Wholesale Water Investment Earnings (\$M)	\$8.5	\$8.5	\$10.3	21%	5
Wholesale Sewer Investment Earnings (\$M)	\$9.7	\$9.7	\$12.9	32%	6
Wholesale Water Operations & Maintenance (\$M)	\$121.6	\$122.6	\$123.7	1%	5
Wholesale Sewer Operations & Maintenance (\$M)	\$157.4	\$158.4	\$156.0	-1%	6
Water Prorated Capital Spend w/SRA* (\$M)	\$122.0	\$107.4	\$78.0	-27%	32
Sewer Prorated Capital Spend w/SRA* (\$M)	\$115.9	\$115.9	\$137.0	18%	33

*SRA refers to the capital spending ratio assumption which allows capital program delivery realities to align with the financial plan.

Master Bond Ordinance (MBO) Trust Net Receipts (page 56)



Net cash flow receipts remain positive for GLWA and DWSD Water and Sewer. This means that all legal commitments of the MBO trust and the lease payment are fully funded – and that positive cash flow is available for additional capital program funding in subsequent year(s). DWSD water reports a surplus of \$8.5 million and DWSD sewer reports a surplus of \$10.6 million of net receipts over disbursements through February 2026.

Budget to Actual Analysis (page 4)

- The total revenue requirements are on target through February 2026.
- The total overall Operations & Maintenance expenses are 66.4% of budget through February 2026 which is slightly under the pro-rata benchmark of 66.7% but within a reasonable range.

Basic Financial Statements (page 13)

- The basic financial statements are prepared on a full accrual basis and reflect preliminary, unaudited results.
- Operating income February 2026 is \$84.8 million for the Water fund (31.1% of total revenues) and \$102.2 million for the Sewage Disposal fund (28.9% of total revenues).
- Water net position increased by \$43.2 million, and sewage disposal net position increased by \$69.1 million for the year to date through February 2026.

Capital Improvement Plan Financial Summary (page 31)

- Water system costs incurred to date are below the 88% Capital Spend Ratio assumption.
- Sewer system costs incurred to date are above the 90% Capital Spend Ratio assumption.
- Capital spend rate assumptions were updated in this section to reflect the third quarter budget amendments approved at the April 22, 2026 GLWA Board of Directors meeting.

Master Bond Ordinance Transfers (page 34)

- For February 2026, transfers of \$16.0 million and \$20.7 million were completed for the GLWA Water and Sewer funds, respectively.
- Also, for February 2026, transfers of \$6.0 million and \$7.3 million were completed for the DWSD Water and Sewer funds, respectively.

Cash Balances & Investment Income (page 41)

- Total cash & investments are \$711 million for Water and \$676 million in the Sewer fund.
- Total, combined, cumulative, FY 2026 investment income through February 2026 is \$33.9 million.

DWSD Retail Revenues, Receivables & Collections (page 45)

- Water usage through February 28, 2026 is 102.35% and revenues are 101.41% of budget.
- Sewer usage through February 28, 2026 is 98.39% and revenues are 97.57% of budget.
- Combined accounts receivable balances for the Water and Sewer funds report an increase of \$46.8 million over the prior year.
- Past due balances over 180 days make up 76.0% of the total accounts receivable balance. The current bad debt allowance covers 99.9% of past dues over 60 days.

GLWA Wholesale Billing, Receivables & Collections (page 51)

- GLWA accounts receivable past due balance net of Dearborn is 0.45% of the total accounts receivable balance. This balance will be resolved when the terms of the new water contract are executed and escrowed funds are transferred to GLWA by June 30, 2026.
- Average wholesale water collections of \$29.6 million for the period of March 2025 through February 2026 are trending \$1.6 million above the prior year.
- Average wholesale sewer collections of \$25.1 million for the period of March 2025 through February 2026 are trending \$2.6 million above the prior year.

Questions? Contact the Office of the Chief Financial Officer & Treasurer at CFO@glwater.org.

Revenue Requirements Budget



The Monthly Budget to Actual Analysis report includes the following three sections.

1. Revenue Requirements Budget Basis Analysis
2. Operations & Maintenance Budget – Major Budget Categories
3. Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

Revenue Requirements Budget Basis Analysis

GLWA's annual revenue requirements represent the basis for calculating Member Partner charges and aligns with the Master Bond Ordinance flow of funds requirements. The budget basis is not the same as the full accrual basis used for financial reporting although the revenues and operations and maintenance expenses are largely reported on an accrual basis. The primary difference between the revenue requirements budget basis to the financial reporting basis is the treatment of debt service, legacy pension obligations, and lease related activities. The Revenue Requirements Basis is foundational to GLWA's daily operations, financial plan, and of most interest to many stakeholder groups.

Table 1A – Water Revenue Requirements Budget and **Table 1B – Sewer Revenue Requirements Budget** presents a year-over-year budget to actual performance report. The revenue requirements budget is accounted for in the operations and maintenance fund for each system. The tables in this analysis reflect actual amounts spent. If this analysis was on a master bond ordinance (MBO) basis, like that used for calculating debt service coverage, O&M "expense" would equal the pro-rata budget because 1/12 of the O&M budget is transferred monthly outside the MBO trust to an O&M bank account. This report is for February 2026 therefore the pro-rata benchmark is 66.7% (8 of 12 months of the fiscal year).

Wholesale charges presented in Table 1A differ from those presented in *Table 2 – Statement of Revenues, Expenses and Changes in Net Position* found in the *Basic Financial Statement* section of this report. Water Revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly credit issued to the City of Flint for a license to raw water rights under the Flint Raw Water Contract as documented in Appendix A-2 of the [Flint Water Agreement](#). Through February 28, 2026, these payments total \$3.5 million for FY 2026.

Table 1A – Water Revenue Requirements Budget (year-over-year) – (\$000)

	FY 2025			FY 2026			
	Amended Budget	Activity Thru 2/28/2025	Percent of Amended Budget	Board Adopted Budget	Amended Budget	Activity Thru 2/28/2026	Percent of Amended Budget
Water System							
Revenues							
Wholesale Charges	\$ 347,758	\$ 231,169	66.5%	\$ 365,646	\$ 365,646	\$ 248,555	68.0%
Charges to Local System	27,095	18,063	66.7%	30,029	30,029	20,019	66.7%
Investment Earnings	15,818	10,781	68.2%	12,784	12,784	10,291	80.5%
Other Revenue	400	246	61.5%	303	303	597	197.2%
Total Revenues	\$ 391,071	260,259	66.6%	\$ 408,761	408,761	279,462	68.4%
Revenue Requirements							
Operations & Maintenance Expense	\$ 182,227	\$ 114,482	62.8%	\$ 182,456	\$ 183,909	\$ 123,660	67.2%
Debt Service	161,945	112,376	69.4%	179,082	177,686	117,923	66.4%
General Retirement System Pension	1,653	1,522	92.1%	2,731	2,731	1,821	66.7%
Water Residential Assistance Program Contribution	1,877	1,299	69.2%	1,970	1,970	1,313	66.7%
Extraordinary Repair & Replacement Deposit	2,650	-	0.0%	320	320	-	0.0%
Regional System Lease	22,500	15,000	66.7%	22,500	22,500	15,000	66.7%
Working Capital Requirement Improvement & Extension Fund	4,956	-	0.0%	600	-	-	0.0%
Transfer Pending	13,263	4,847	36.5%	19,102	19,645	13,097	66.7%
Total Revenue Requirements	\$ 391,071	249,526	63.8%	\$ 408,761	408,761	272,813	66.7%
Net Difference		\$ 10,734				\$ 6,649	
<i>Recap of Net Difference</i>							
Revenue Variance		\$ (455)				\$ 6,954	
Revenue Requirement Variance		11,188				(306)	
Net Difference		\$ 10,734				\$ 6,649	

Table 1B – Sewer Revenue Requirements Budget (year-over-year) – (\$000)

Sewer System	FY 2025			FY 2026			
	Amended Budget	Activity Thru 2/28/2025	Percent of Amended Budget	Board Adopted Budget	Amended Budget	Activity Thru 2/28/2026	Percent of Amended Budget
Revenues							
Wholesale Charges	\$ 287,387	\$ 191,947	66.8%	\$ 300,317	\$ 300,317	\$ 199,979	66.6%
Charges to Local System	205,925	137,283	66.7%	215,324	215,324	143,550	66.7%
Industrial Waste Control Charge:	8,719	5,889	67.5%	9,150	9,150	6,219	68.0%
Pollutant Surcharges	5,434	2,819	51.9%	5,113	5,113	3,170	62.0%
Investment Earnings	20,605	14,443	70.1%	14,615	14,615	12,901	88.3%
Other Revenue	700	196	28.0%	443	443	234	52.9%
Total Revenues	\$ 528,770	352,578	66.7%	\$ 544,962	544,962	366,053	67.2%
Revenue Requirements							
Operations & Maintenance Expense	\$ 235,192	\$ 150,539	64.0%	\$ 236,099	\$ 237,552	\$ 155,993	65.7%
Debt Service	217,449	147,035	67.6%	220,885	216,274	144,719	66.9%
General Retirement System Pension	3,719	3,231	86.9%	5,633	5,633	3,755	66.7%
Water Residential Assistance Program Contribution	2,542	1,768	69.6%	2,639	2,639	1,759	66.7%
Extraordinary Repair & Replacement Deposit	276	-	0.0%	-	-	-	0.0%
Regional System Lease	27,500	18,333	66.7%	27,500	27,500	18,333	66.7%
Working Capital Requirement Improvement & Extension Fund Transfer Pending	-	-	0.0%	-	-	-	0.0%
	42,094	18,760	44.6%	52,208	55,365	36,910	66.7%
Total Revenue Requirements	\$ 528,770	339,666	64.2%	\$ 544,962	544,962	361,470	66.3%
Net Difference		\$ 12,912				\$ 4,582	
<i>Recap of Net Difference</i>							
Revenue Variance		\$ 64				\$ 2,745	
Revenue Requirement Variance		12,847				1,838	
Net Difference		\$ 12,912				\$ 4,582	

Items highlighted in gold on Tables 1A (Water) and 1B (Sewer) are discussed below.

Revenues

1. **Total Revenues:** For the *water* system, total revenues for FY 2026 are above the pro-rata benchmark; the *water* system is at 68.4%. For the *sewer* system, total revenues for FY 2026 are above the pro-rata benchmark at 67.2%. Detailed schedules related to revenues are provided in the *Wholesale Billings, Collections, and Receivables* section of this financial report binder.
2. **Investment Earnings:** For the *water* system, investment earnings are above the pro-rata benchmark for FY 2026 at 80.5%. The *sewer* system is also above the pro-rata benchmark for FY 2026 at 88.3%. FY 2026 investment earnings are slightly lower than FY 2025 earnings due to the Federal Reserve monetary policy moving to a more neutral level. GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize investment income while meeting the objectives of safety and liquidity. A pending item is calculation of arbitrage liabilities for FY 2026 which would offset investment earnings.

3. **Other Revenues:** These are one-time and unusual items that do not fit an established revenue category. Both the *water* and *sewer* systems' actual amount will vary from budget due to the nature of the items recorded in this category.

Revenue Requirements - The revenue requirements for *both* systems are funded on a 1/12th basis each month in accordance with the Master Bond Ordinance (MBO). An exception is the Extraordinary Repair & Replacement Fund deposit which is calculated based on minimum and maximum balance requirements set forth in the MBO and adjusted as needed to maintain compliance.

4. **Operations & Maintenance Expense:** Actual expenses for the *water* system are slightly above the pro-rata benchmark for FY 2026 at 67.2%, and the *sewer* system O&M is below the pro-rata benchmark for FY 2026 at 65.7%.
5. **Debt Service:** For FY 2026, the *water* system is below the pro-rate benchmark at 66.4% and *sewer* system is above the pro-rata benchmark at 66.9%. The activity is based on the debt payment schedules adjusted for the State Revolving Fund loans that are still being drawn down and may cause temporary variances pending realignment with budget.
6. **Working Capital Requirement / Net Difference:** The overall variance (net difference) reported represents the difference between revenues and revenue requirements. To the extent that there is a positive budget variance, staff perform a post-year end closing analysis. Based on this analysis and depending on working capital requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year.
7. **Improvement & Extension (I&E) Fund Transfer Pending:** The contribution to the I&E Fund is for improvements, enlargements, extensions, or betterment of the *water* and *sewer* systems.
8. **Total Revenue Requirements:** Total revenue requirements for the *water* system are in-line the pro-rata benchmark at 66.7%. Total revenue requirements for the *sewer* system are below the pro-rata benchmark at 66.3%.

Operations & Maintenance Budget – Major Budget Categories

The benchmark ratio as of February 28, 2026, is 66.7% (eight months), with the total O&M budget just under the benchmark. When comparing FY 2026 to FY 2025 in **Table 2 – Operations & Maintenance Budget – Major Budget Categories**, the overall spending in FY 2026 is above FY 2025 for eight months of operations, but still near the benchmark ratio.

In addition to the four major budget categories, an internal charge cost center for employee benefits is shown on the table below. If the number is positive, it indicates that the internal cost allocation rate charges to other cost centers is not sufficient. A negative number indicates a surplus in the internal cost center. A moderate surplus is preferred as it provides a hedge for mid-year benefit program cost adjustments (premiums adjust on February 1 each year) as well as managing risk as the program is partially self-insured.

Table 2 – Operations & Maintenance Budget – Major Budget Categories – (\$000)

Service Area	FY 2025			FY 2026			
	Amended Budget	Activity Thru 2/28/2025	Percent of Amended Budget	Board Adopted Budget	Amended Budget	Activity Thru 2/28/2026	Percent of Amended Budget
A Water System Operations	\$ 94,398	\$ 61,524	65.2%	\$ 101,501	\$ 101,501	\$ 68,744	67.7%
B Wastewater System Operations	145,040	95,967	66.2%	156,573	156,573	105,767	67.6%
C Centralized Services	135,244	80,669	59.6%	117,388	120,248	75,691	62.9%
D Administrative & Other Services	42,737	25,836	60.5%	43,094	43,140	29,451	68.3%
Employee Benefits	-	1,024	100.0%	-	-	0	100.0%
Total O&M Budget	<u>\$ 417,419</u>	<u>\$ 265,020</u>	63.5%	<u>\$ 418,555</u>	<u>\$ 421,461</u>	<u>\$ 279,653</u>	66.4%

Totals may be off due to rounding

Alignment of Operations & Maintenance Budget Priorities – Expense Variance Analysis

The purpose of **Table 3 – Operations & Maintenance Expense Variance Analysis** is to evaluate whether the actual spend rate within an expense category is in alignment with the budget. Given the effort to develop an accurate budget, a variance is a red flag of a *potential* budget amendment or misalignment of priorities. This table includes both the water and sewage disposal funds.

Table 3 – Operations & Maintenance Expense Variance Analysis – (\$000)

Expense Categories	FY 2025					FY 2026				
	Amended Budget	Actual Thru 6/30/2025	Activity Thru 2/28/2025	Percent of Amended Budget	Percent of Actual 6/30/2025	Amended Budget	Prorated Amended Budget (8 Months)	Activity Thru 2/28/2026	Percent of Amended Budget	Variance (Over) Under Prorated Amended Budget
	A	B	C	= C / A	= C / B	D	E	F	= F / D	= E - F
Personnel Costs										
Salaries & Wages	\$ 85,807	\$ 84,979	\$ 57,877	67.4%	68.1%	\$ 91,087	\$ 60,724	\$ 63,161	69.3%	\$ (2,436)
Workforce										
Development	2,363	2,811	1,295	54.8%	46.1%	3,777	2,518	1,423	37.7%	1,096
Overtime	9,605	10,125	6,036	62.8%	59.6%	8,911	5,941	6,767	75.9%	(826)
Employee Benefits	32,244	30,773	20,790	64.5%	67.6%	31,867	21,245	24,863	78.0%	(3,618)
Transition Services	8,516	8,195	5,299	62.2%	64.7%	8,491	5,661	5,395	63.5%	266
Employee Benefits Fund	-	-	1,024	100.0%	100.0%	-	-	0	100.0%	()
Total Personnel Costs	<u>138,535</u>	<u>136,883</u>	<u>92,321</u>	66.6%	67.4%	<u>144,134</u>	<u>96,089</u>	<u>101,608</u>	70.5%	<u>(5,518)</u>
Utilities										
Electric	48,121	46,578	31,699	65.9%	68.1%	51,308	34,205	29,289	57.1%	4,917
Gas	7,000	7,661	4,004	57.2%	52.3%	7,113	4,742	6,227	87.5%	(1,485)
Sewage Service	2,980	2,400	1,200	40.3%	50.0%	2,455	1,637	1,749	71.2%	(112)
Water Service	11,602	10,420	6,708	57.8%	64.4%	12,203	8,135	8,290	67.9%	(155)
Total Utilities	<u>69,703</u>	<u>67,059</u>	<u>43,611</u>	62.6%	65.0%	<u>73,079</u>	<u>48,719</u>	<u>45,555</u>	62.3%	<u>3,165</u>
Chemicals	38,235	34,385	22,449	58.7%	65.3%	37,189	24,793	20,223	54.4%	4,569
Supplies & Other	45,294	45,727	27,559	60.8%	60.3%	45,516	30,344	30,838	67.8%	(494)
Contractual Services	134,053	128,153	83,563	62.3%	65.2%	124,266	82,844	85,222	68.6%	(2,377)
Capital Program										
Allocation	(4,582)	(2,901)	(1,910)	41.7%	65.9%	(3,431)	(2,287)	(1,869)	54.5%	(418)
Shared Services	(2,280)	(2,583)	(1,503)	65.9%	58.2%	(2,264)	(1,509)	(1,922)	84.9%	413
Intergovernmental Agreement	(1,540)	(1,565)	(1,069)	69.5%	68.3%	-	-	-	0.0%	-
Unallocated Reserve	-	-	-	0.0%	0.0%	2,972	1,981	-	0.0%	1,981
Total Expenses	<u>\$ 417,419</u>	<u>\$ 405,160</u>	<u>\$ 265,020</u>	63.5%	65.4%	<u>\$ 421,461</u>	<u>\$ 280,974</u>	<u>\$ 279,653</u>	66.4%	<u>\$ 1,321</u>

Totals may be off due to rounding

Total Expenses: In total, the overall O&M expenses are 66.4%, which is below the pro-rata benchmark of 66.7%. The Table 3 expense category commentary is provided below.

Personnel Costs: The year-to-date total personnel costs through February 2026 are at 70.5%, which is above the pro-rata benchmark of 66.7%. Unallocated reserves include budgeted funds for annual wage adjustments that take effect in July each year that are unknown at the time the budget is adopted. These were allocated to personnel costs with the first quarter budget amendment. The third quarter amendment includes an adjustment for the increase in healthcare claims net of anticipated rebates. Vacant positions are being filled, which is driving the increase in salary and wages. The fourth quarter budget amendment will include an adjustment for salary and wages if needed at that time.

Utilities: The overall category is below the pro-rata benchmark; coming in at 62.3% through February 2026. Variances within this category, when they occur, are not unexpected as usage varies throughout the year.

- **Electric** is below the pro-rata benchmark, coming in at 57.1%. When compared to the prior fiscal year the year-to-date value represents an approximate \$2.4 million reduction. This is primarily due to a reduction in the Power Supply Cost Recovery (PSCR) charge through February 28, 2026. Beginning March 1, 2026 the PSCR was increased to the maximum allowed by the Public Service Commission. This change will have a significant impact on electric cost after that date. The first three months of GLWA's fiscal year (July, August, and December) are typically peak months for the usage of electricity. June, the last month of GLWA's fiscal year, is typically a peak month as well.
- **Gas** comes in at 87.5%, which is above the benchmark of 66.7%. GLWA works with the State of Michigan to secure favorable rates of natural gas. A percentage of the annual forecast use is allowed to adjust with the current market. As reported by the U.S. Energy Administration the Henry Hub natural gas spot price 12-month average has increased, on average, 68.4% over the preceding 12-month period. Variances are primarily related to these fluctuating costs.
- **Sewage service** is higher than the benchmark, coming in at 71.2%. This is largely due to a change in the utility billing timing requiring a cost recognition methodology update. This methodology update was implemented during the first quarter.
- **Water service** is higher than the benchmark, coming in at 67.9%. Like sewage service, this is largely due to a change in the utility billing timing requiring a cost recognition methodology update. This methodology update was implemented during the first quarter.

Chemicals: This category is lower than the benchmark; coming in at 54.4% through February 2026. Usage volumes for chemicals related to lead and copper rule compliance (that is, orthophosphate and ferric chloride) were lower than original estimates. Additionally, the moderate drought in Southeast Michigan resulted in a decrease in chemicals used to handle wet weather events (sodium hypochlorite).

Supplies & Other: This category is above the pro-rata benchmark; coming in at 67.8% through February 2026. There are many different items in this expense category, some of which, such as certain maintenance activities, are subject to one-time expenses that do not occur evenly throughout the year. Variances are not unexpected.

Contractual Services: This category is above the pro-rata benchmark; coming in at 68.6% through February 2026. Variances in this category, when they occur, are not unexpected as the usage of contracts varies throughout the year (projects scheduled to begin during the latter half of the year as well as contracts that are on an as needed basis). Budget amendments are processed for those projects in which the actual start dates have been delayed.

Capital Program Allocation: This category is lower than the benchmark; coming in at 54.5% through February 2026. The amount in the Capital Program Allocation account is shown as negative as this is a "contra" account which represents an offset to the Personnel Costs category.

Shared Services: This category is higher than benchmark; coming in at 84.9% through February 2026. The shared services reimbursement comprises both labor and expenses, such as annual fees for software licensing. Staff from both GLWA and DWSD have been working together to evaluate and refine the budget for the shared services agreements. Based on these evaluations, adjustments have been made to both the billings and accounting accruals to reflect the forecasted activity more accurately for FY 2026. In addition, it is important to note that some of the shared services agreements are not billed at a monthly rate of 1/12 of the annual budgeted amount and activity includes true-up billings from prior years. The amount in this account is shown as negative as this is a “contra” account which represents an offset to both the Personnel Costs and the Contractual Services categories.

Intergovernmental Agreements: This category did not have any activity through February 2026 and usually is not budgeted for in advance. As activity is incurred, budget amendments will be made to match the activity. The amount in this account is shown as negative as this is a “contra” account which represents an offset to the Contractual Services category.

GAAP-Basis Financial Statements



The Basic Financial Statements report includes the following four tables.

1. Statement of Net Position - All Funds Combined
2. Statement of Revenues, Expenses and Changes in Net Position – All Funds Combined
3. Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined
4. Supplemental Schedule of Nonoperating Expenses – All Funds Combined

At a macro level GLWA has two primary funds for financial reporting purposes: *Water Fund* and *Sewage Disposal Fund*. These funds represent the combined total of four sub-funds for each system that are used internally to properly account for sources and uses of funds. Those sub-funds for each system are: *Operations & Maintenance Fund*, *Improvement & Extension Fund*, *Construction Fund*, and *Capital Asset Fund*.

The June 2025 comparative amounts shown in the tables below are presented based on final audited figures.

Statement of Net Position – All Funds Combined

Explanatory notes follow the Statement of Net Position shown in Table 1 below.

**Table 1 – Statement of Net Position - All Funds Combined
 As of February 28, 2026
 (\$000)**

	Water	Sewage Disposal	Total Business- type Activities	Comparative June 30, 2025
Assets				
Cash - unrestricted (a)	\$ 194,761	\$ 227,325	\$ 422,085	\$ 435,531
Cash - restricted (a)	100,057	132,846	232,904	631,066
Investments - unrestricted (a)	147,476	197,039	344,515	219,969
Investments - restricted (a)	243,193	139,469	382,662	259,388
Accounts Receivable	80,117	59,985	140,103	163,009
Due from (to) Other Funds (b)	4,669	(4,669)	-	-
Other Assets (c)	607,375	363,162	970,537	977,212
Capital Assets, net of Depreciation	1,156,468	1,746,972	2,903,440	3,048,416
Land	293,624	126,816	420,440	420,440
Construction Work in Process (e)	627,384	626,181	1,253,565	1,039,383
Total assets	3,455,125	3,615,126	7,070,251	7,194,414
Deferred Outflows (f)	23,055	45,182	68,238	71,631
Liabilities				
Liabilities - Liabilities-ST	224,600	260,587	485,188	538,933
Other Liabilities (h)	2,630	6,452	9,082	7,500
Cash Held FBO DWSD (d)	36,081	46,908	82,989	57,578
Liabilities - Long-Term (i)	3,168,280	3,175,477	6,343,757	6,546,932
Total liabilities	3,431,591	3,489,424	6,921,015	7,150,943
Deferred Inflows (f)	79,716	89,772	169,487	179,444
Total net position (j)	\$ (33,127)	\$ 81,112	\$ 47,986	\$ (64,342)

Totals may be off due to rounding

The Statement of Net Position reflects a maturing organization with an ongoing trend related to Net Position. The Authority's net position is a deficit but has been incrementally smaller each year. Please see note j below for further explanation.

Footnotes to Statement of Net Position

- a. *Cash and Investments* are reported at book value. Investments at June 30, 2025 are reported at market value. The February 28, 2026 values differ from the Cash and Investment section of this Financial Report Binder due to timing of certain items recognized on a cash versus accrual basis.
- b. *Due from Other Funds* and *Due to Other Funds* are shown at gross for sub-fund activity.
- c. *Other Assets* primarily consists of the contractual obligation receivable from DWSD related to reimbursement of bonded indebtedness for local system improvements.
- d. *Cash Held FBO DWSD* represents the net difference between DWSD retail cash received from customers and net financial commitments as outlined in the Master Bond Ordinance.
- e. *Construction Work in Process* represents the beginning balance of CWIP plus any construction spending during the fiscal year. The balance will fluctuate based on the level of spend less any capitalizations or write-offs.
- f. *Deferred Inflow* and *Deferred Outflow* relate mainly to financing activity and GLWA's share of the legacy General Retirement System (GRS) pension obligation.
- g. *Liabilities - Short-term* include accounts payable, retainage payable, GASB 96 and certain accrued liabilities. Some items, such as compensated absences and worker's compensation, are reviewed periodically but only adjusted in the interim if there is a material change.
- h. *Other Liabilities* account for the cash receipts set aside for the Budget Stabilization Fund and the Water Residential Assistance Program.
- i. *Liabilities – Long-term* include bonds payable, lease payable, GASB 96 and legacy General Retirement System pension liabilities.
- j. *Net Position Deficit* is defined by accounting standards as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A net deficit occurs when the liabilities and deferred inflows exceed assets and deferred outflows. The Sewage Disposal fund has a positive net position as of June 30, 2025. The Water fund has a net deficit which is getting smaller each year. The net position deficit was largely driven by the deficit in the net investment in capital assets due to the valuation of the assets as of the operational effective date on January 1, 2016 resulting in high depreciation expense.

Statement of Revenues, Expenses and Changes in Net Position

– All Funds Combined

This statement, shown in Table 2, is presented in summary format. The accrual basis of revenues and operations and maintenance expense vary from the revenue requirement basis presented in the *Budget to Actual Analysis* and the *Wholesale Billings, Receivables & Collections* sections of the February 2026 Financial Report Binder. Prior year ending balances are provided in the June 30, 2025 column as a reference for comparative purposes. Explanatory notes follow this statement.

Water revenues presented below in Table 2 differ from those presented in *Table 1A – Water Revenue Requirement Budget* found in the *Budget to Actual Analysis* section of this report because water revenues presented in Table 1A for revenue requirement purposes are reduced by the monthly payment to the City of Flint for a license to raw water rights.

Table 2 – Statement of Revenues, Expenses and Changes in Net Position
– All Funds Combined
For the Eight Months ended February 28, 2026
(\$000)

	Water	Percent of Revenue	Sewage Disposal	Percent of Revenue	Total Business-Type Activities	Comparative June 30, 2025
Revenue						
Wholesale customer charges	\$ 252,079	92.4%	\$ 199,979	56.6%	\$ 452,057	\$ 636,667
Local system charges	20,019	7.3%	143,550	40.6%	163,569	233,020
Industrial waste charges	-	0.0%	6,219	1.8%	6,219	8,849
Pollutant surcharges	-	0.0%	3,170	0.9%	3,170	4,584
Other revenues	583	0.2%	233	0.1%	815	948
Total Revenues	272,680	100.0%	353,150	100.0%	625,830	884,068
Operating expenses						
Operations and Maintenance	123,174	45.2%	155,171	43.9%	278,345	402,118
Depreciation	61,258	22.5%	94,440	26.7%	155,698	242,487
Amortization of intangible assets	3,440	1.3%	1,355	0.4%	4,795	6,774
Total operating expenses	187,871	68.9%	250,966	71.1%	438,837	651,379
Operating Income	84,809	31.1%	102,184	28.9%	186,993	232,689
Total Nonoperating revenue (expense)	(41,612)	-15.3%	(33,053)	-9.4%	(74,665)	(106,607)
Increase/(Decrease) in Net Position	43,197	15.8%	69,131	19.6%	112,328	126,082
Net Position (deficit), beginning of year	(76,324)		11,981		(64,342)	(190,425)
Net position (deficit), end of year	\$ (33,127)		\$ 81,112		\$ 47,986	\$ (64,342)

Totals may be off due to rounding

Water Fund

- ✓ The increase in Water Fund Net Position is \$43.2 million.
- ✓ Wholesale water customer charges of \$252.1 million account for 92.4% of Water System revenues.
- ✓ Operating expenses of \$187.9 million represent 68.9% of total operating revenue. Depreciation is the largest operating expense at \$61.3 million or 32.6% of operating expense.
- ✓ Amortization of intangible assets represents activity for raw water rights and subscription-based information technology arrangements (SBITA).
- ✓ Operating income after operating expenses (including depreciation) equals \$84.8 million or 31.1% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$64.8 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

Sewage Disposal Fund

- ✓ The increase in the Sewage Disposal Fund Net Position is \$69.1 million.
- ✓ Wholesale customer charges of \$200.0 million account for 56.6% of Sewer System revenues. Wholesale customer charges are billed one-twelfth each month based on an agreed-upon historical average “share” of each customer’s historical flows which are formally revisited on a periodic basis. The result is no revenue shortfall or overestimation.
- ✓ Local system (DWSD) charges of \$143.5 million account for 40.6% of total operating revenues. These are also billed at one-twelfth of the annual revenue requirement.
- ✓ Operating expenses of \$251.0 million represent 71.1% of total operating revenue. Depreciation is the largest operating expense at \$94.4 million or 37.6% of total operating expense.
- ✓ Amortization of intangible assets represents activity for a warehouse lease and subscription-based information technology arrangements (SBITA).
- ✓ Operating income after operating expenses (including depreciation) equals \$102.2 million or 28.9% of operating revenue.
- ✓ The largest category within nonoperating activities is bonded debt interest expense of \$67.2 million (this equates to the bonded debt interest expense less the offset from DWSD contractual obligation income).

Supplemental Schedule of Operations & Maintenance Expenses – All Funds Combined

This Supplemental Schedule of Operations & Maintenance Expenses (O&M) schedule is shown below in Table 3. This accrual basis of operations and maintenance expense may vary from the revenue requirement basis presented in the *Budget to Actual Analysis* section of the February 2026 Financial Report Binder. Explanatory notes follow this schedule.

**Table 3 – Supplemental Schedule of Operations & Maintenance Expenses
– All Funds Combined
For the Eight Months ended February 28, 2026
(\$000)**

	Water	Percent of Total	Sewage Disposal	Percent of Total	Total Business- Type Activities	Percent of Total
Operating Expenses						
Personnel						
Salaries & Wages	23,553	19.1%	46,425	29.9%	69,978	25.1%
Overtime	4,486	3.6%	2,280	1.5%	6,767	2.4%
Employee Benefits	17,575	14.3%	7,287	4.7%	24,863	8.9%
Total Personnel	\$ 45,615	37.0%	\$ 55,993	36.1%	\$ 101,608	36.5%
Utilities						
Electric	19,229	15.6%	10,060	6.5%	29,289	10.5%
Gas	1,087	0.9%	5,140	3.3%	6,227	2.2%
Sewage	651	0.5%	1,098	0.7%	1,749	0.6%
Water	2	0.0%	8,288	5.3%	8,290	3.0%
Total Utilities	\$ 20,968	17.0%	\$ 24,586	15.8%	\$ 45,555	16.4%
Chemicals	8,712	7.1%	11,511	7.4%	20,223	7.3%
Supplies and other	10,246	8.3%	19,719	12.7%	29,965	10.8%
Contractual services	40,038	32.5%	44,748	28.8%	84,786	30.5%
Capital Program allocation	(1,176)	-1.0%	(693)	-0.4%	(1,869)	-0.7%
Intergovernmental Agreement	-	0.0%	(1)	0.0%	(1)	0.0%
Shared Services allocation	(1,230)	-1.0%	(692)	-0.4%	(1,922)	-0.7%
Operations and Maintenance Expenses	\$ 123,174	100.0%	\$ 155,171	100.0%	\$ 278,345	100.0%

Totals may be off due to rounding

- ✓ Core expenses for water and sewage disposal systems are utilities (16.4% of total O&M expenses) and chemicals (7.3% of total O&M expenses).
- ✓ Personnel costs (36.5% of total O&M expenses) include all salaries, wages, and benefits for employees as well as staff augmentation contracts that fill a vacant position (contractual transition services).
- ✓ Contractual services (30.5%) includes:
 - Water System costs of sludge removal and disposal services at the Northeast, Southwest and Springwells Water Treatment Plants (approximately \$4.9 million);
 - Sewage Disposal System costs for the operation and maintenance of the biosolids dryer facility (approximately \$12.2 million); and
 - Centralized and administrative contractual costs allocated to both systems for information technology, building maintenance, field, planning and other services.
- ✓ The Capital Program Allocation, Intergovernmental Agreement and Shared Services Allocation are shown as negative amounts because they are 'contra' expense accounts representing offsets to associated costs in other Operations and Maintenance expense categories.

Supplemental Schedule of Nonoperating Expenses – All Funds Combined

The Supplemental Schedule of Nonoperating Expenses – All Funds Combined is shown in Table 4. Explanatory notes follow this schedule.

**Table 4 – Supplemental Schedule of Nonoperating Expenses – All Funds Combined
For the Eight Months ended February 28, 2026**

	Water	Sewage Disposal	Total Business- type Activities	Comparative June 30, 2025
Nonoperating Revenue/(Expense)				
Interest income contractual obligation	\$ 14,839	\$ 9,596	\$ 24,436	\$ 38,291
Investment earnings	15,461	14,618	30,079	47,263
Net incr (decr) in fair value of invstmt	49	87	136	1,532
Other nonoperating revenue	(63)	11,485	11,422	18,212
Interest Expense				
Bonded debt	(79,632)	(76,794)	(156,426)	(230,256)
Lease obligation	(10,720)	(13,102)	(23,821)	(36,218)
Other obligations	(1,845)	(1,013)	(2,858)	(5,033)
	<u>(92,196)</u>	<u>(90,909)</u>	<u>(183,105)</u>	<u>(271,507)</u>
Capital Contribution	298	6,740	7,038	40,693
Amortization, issuance costs, debt	15,586	7,067	22,653	25,936
Gain (loss) on disposal of capital assets	23	13	36	(172)
Water Residential Assistance Program	(876)	(1,173)	(2,050)	(3,828)
Legacy pension expense	5,266	9,425	14,691	(3,026)
Total Nonoperating Revenue/(Expense)	\$ (41,612)	\$ (33,053)	\$ (74,665)	\$ (106,607)

Totals may be off due to rounding

- ✓ Interest income on contractual obligation relates to the portion of the total GLWA debt obligation attributable to DWSD. This interest income offsets the total debt interest expense paid by GLWA on behalf of both entities monthly.
- ✓ Investment earnings in this report are reflected at book value. Any differences between the Basic Financial report and Cash and Investment section of this Financial Report binder are due to accrued interest.
- ✓ Net (increase) decrease in fair value of investments consists of market value of investments and realized gain/loss on sale of investments. FY 2024 market value adjustments for Water and Sewer total \$621 thousand and \$1.0 million, respectively. FY 2025 market value adjustments for Water and Sewer total \$49 thousand and \$78 thousand, respectively. Any difference is due to realized gain or loss on investments.

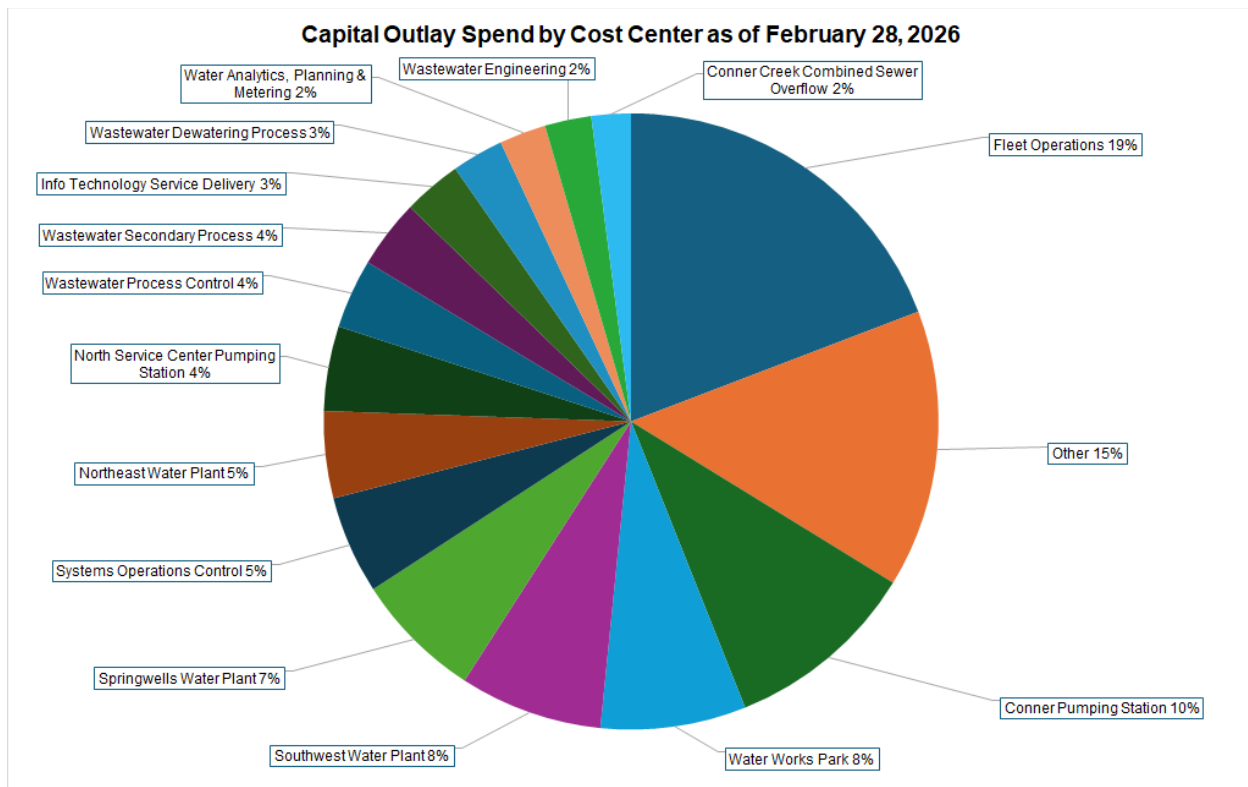
- ✓ Interest expense, the largest category of nonoperating expenses, is made up of three components:
 - Bonded debt;
 - Lease obligation for the regional assets from the City of Detroit; and
 - Other obligations such as an obligation payable to the City of Detroit for an allocation BC Notes related to assumed DWSD liabilities; acquisition of raw water rights related to the KWA Pipeline.
- ✓ FY 2025 other non-operating income includes debt forgiveness of \$18.4 million of State Revolving Fund (SRF) debt forgiveness for the Sewage Disposal system. FY 2026 other non-operating income primarily consists of \$12.3 million of SRF debt forgiveness for the Sewage Disposal system.
- ✓ The FY 2026 and FY 2025 amortization, issuance costs, debt, is related to the amortization of bond premiums and defeasance of debt.
- ✓ The FY 2025 capital contribution in Nonoperating (revenue) expense represents ARPA (\$2.8 million) grant revenue for the Water system and (\$15.2 million) grant revenue and (\$22.1 million) contribution from the Oakland Macomb Interceptor Drainage District (OMIDD) for the Sewage Disposal system. The FY 2026 capital contribution in Nonoperating (revenue) expense represents ARPA (\$298 thousand) grant revenue for the Water system and (\$6.7 million) grant revenue for the Sewage Disposal system.
- ✓ Legacy pension expense reflects a credit for FY 2026 due to the recognition of increased investment earnings on the part of GLWA and DWSD within the City of Detroit General Retirement System (GRS) for the period ending June 30, 2025.

Financial Activity Charts

Chart 1 – Capital Outlay – Water and Sewer System Combined

Capital Outlay represents purchases of equipment, software, and small facility improvement projects. It *excludes* any capital investment which is included in the monthly construction work-in-progress report related to the Capital Improvement Program. Some items span several months so the entire cost may not have been incurred yet. In addition, items are capitalized only if they meet GLWA’s capitalization policy.

Through February 28, 2026, total capital outlay spend is \$10.5 million. Following this chart is a sample list of projects and purchases from the total spend of \$10.5 million.



Note: Due to rounding totals may not equal 100%.

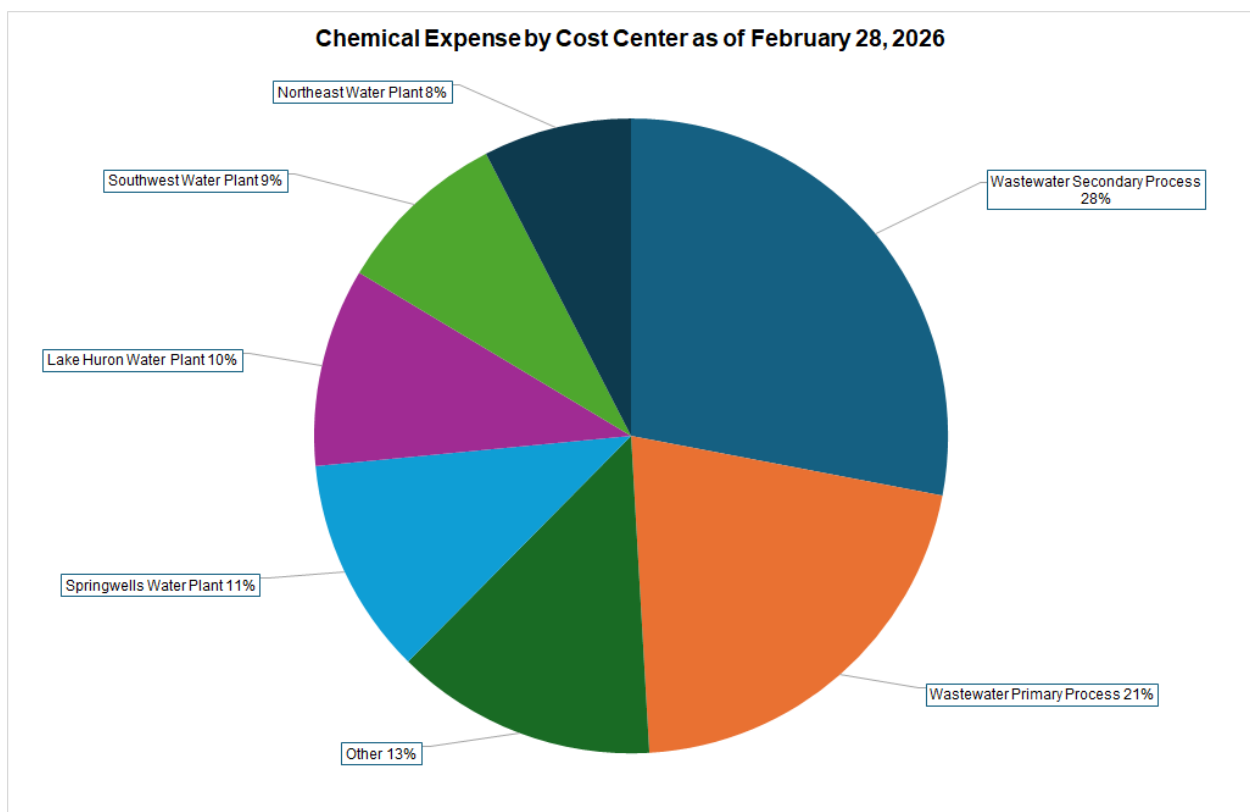
Water Operations: Steam generator replacement (\$529k); low lift elevator (\$372k); Springwells low lift modernization (\$327k); Water Works Park HVAC boiler (\$301k); North Service Center variable frequency drive (\$270k); North Service Center fire protection (\$197k); oventions power supply upgrade (\$133k); Adams road fire protection system (\$79k); Southwest water plant kitchen remodel (\$76k); Franklin road fire protection system (\$67k) and phosphate analyzer (\$49k).

Wastewater Operations: Ovation upgrade and cabinet replacement (\$915k); Conner Creek elevator maintenance (\$523k); WRRF fire detection system (\$422k); Conner Pumping Station priming level switch addition (\$385k); ferric chloride buffering pilot (\$321k); sludge feed pump (\$231k); WRRF incinerator freight elevator (\$214k); Conner Creek fire alarm system integration (\$160k); Hubble Southfield CSO proximity switches (\$122k); Connor Creek rotork gate actuator (99k); scum hopper pump (\$78k); process camera (\$74k); accusonic flowmeters (\$63k); gas detection (\$52k) and complete pump end (\$49k).

Centralized & Administrative Facilities: Trucks and vehicles (\$1.9m); computer hardware and software (\$466); sewer meter support (\$195k); Polaris UTV (\$112k); permanent easement (\$98k) and CSF furniture (\$51k).

Chart 2 – Chemical Expenses – Water and Sewer System Combined

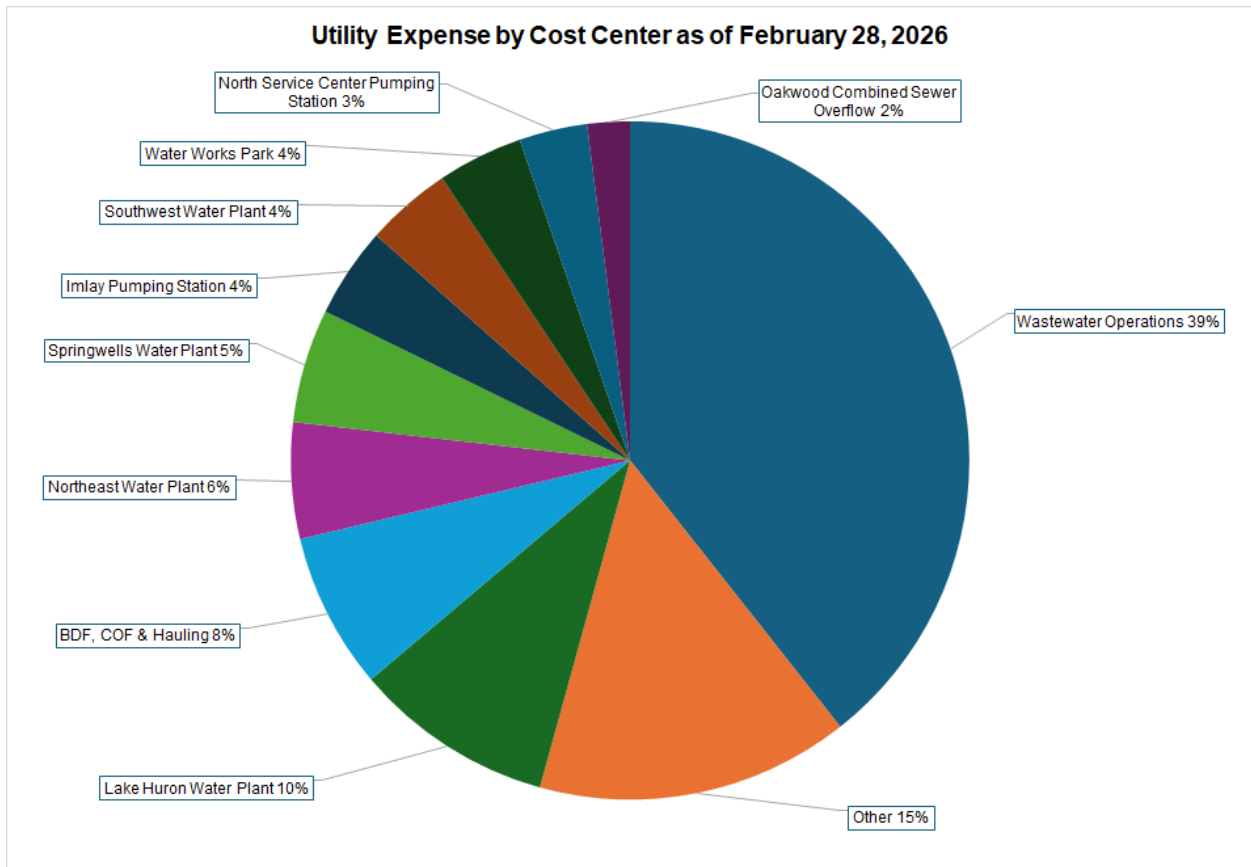
Chemical expenses are \$20.2 million through February 28, 2026. The allocation is shown in the chart below and remains consistent with prior periods.



Note: Due to rounding totals may not equal 100%.

Chart 3 – Utility Expenses – Water and Sewer System Combined

Utility expenses are \$45.6 million through February 28, 2026. The allocation is shown in the chart below and consistent with prior periods.



Note: Due to rounding totals may not equal 100%.

The monthly Budget to Financial Statements Crosswalk includes the following.

1. Crosswalk Budget Basis to Financial Reporting Basis
2. Explanatory Notes for Crosswalk

Purpose for Crosswalk: The Great Lakes Water Authority establishes a “Revenue Requirements” budget for the purposes of establishing charges for services. The financial report is prepared in accordance with Generally Accepted Accounting Policies for enterprise funds of a local government. Because the budget and the financial statements are prepared using different basis of accounting, the crosswalk reconciles the “Net Difference” to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in the monthly Financial Report.

The Authority has a Water Master Bond Ordinance and a Sewer Master Bond Ordinance (MBO). The Ordinances provide additional security for payment of the bonds. All revenues of the system are deposited into Revenue Receipts Funds which are held in trust by a trustee. The cash is moved to multiple bank accounts monthly based on 1/12th of the budget as defined in the MBO (“the flow of funds”) for all revenue requirements except for the Debt Service monthly transfer. The Debt Service monthly requirement is computed by the trustee, U.S. Bank. The cash transfer for debt is net of investment earnings that remain in the debt service accounts to be used for debt service.

The budget is prepared on a modified cash basis. The revenue requirements are determined based upon the cash needed to meet the financial commitments as required by the Master Bond Ordinance.

- Operation & Maintenance (O&M) expenses are reported on an accrual basis
- B&C notes obligation is reported on a cash basis
- Debt Service Allocation is reported on a cash set aside basis to provide the cash for the debt payments on the due dates
- Lease payments are reported on a cash basis
- Water Residential Assistance Program are based on a percentage of budgeted revenue
- Regional System Improvement & Extension Fund Allocation are reported on a cash basis

Budget: In Table 1A and Table 1B of the Budget to Actual Analysis the ‘Revenues’ section is the accrual basis revenues that are available to meet the ‘Revenue Requirements’. The ‘Revenue Requirements’ section budget column indicates the annual cash transfers to be made.

Financial Reporting: The Authority’s financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Authority maintains its records on the accrual basis of accounting to conform to GAAP. Revenues from operations, investments and other sources are recorded when earned. Expenses (including depreciation) are recorded when incurred.

Table 1 – Crosswalk Budget Basis to Financial Reporting Basis provides a reconciliation of the “Net Difference” in Table 1A and Table 1B in the Budget to Actual Analysis report to the “Increase/(Decrease) in Net Position” in Table 2 of the Basic Financial Statements in this monthly Financial Report. Explanatory notes follow the Crosswalk shown in Table 1 below.

**Table 1 – Crosswalk Budget Basis to Financial Reporting Basis (\$000)
For the Eight Months Ended February 28, 2026**

	Water	Sewer	Total
Net Revenue Requirement Budget Variance (a)	\$ 6,649	4,582	\$ 11,231
Budgetary categories adjustments to financial reporting basis			
Pension delayed accounting election adjustments			
Current year pension transfers/payments recorded as deferral (c)	739	1,323	2,062
Debt service (f)	53,130	77,521	130,651
Accelerated pension B&C notes obligation portion (g)	676	1,523	2,199
Regional System lease (h)	4,280	5,231	9,511
GASB 87 & GASB 96 adjustments (h)	443	719	1,162
WRAP (i)	437	586	1,023
Extraordinary Repair & Replacement Fund transfers (j)	-	-	-
Improvement & Extension Fund transfers (j)	13,097	36,910	50,007
Nonbudgeted financial reporting categories adjustments			
Depreciation and amortization (k)	(64,698)	(95,795)	(160,493)
Amortization - debt related (k)	15,586	7,067	22,653
Other nonoperating income (k)	(77)	11,483	11,406
Other nonoperating expense (k)	-	-	-
Gain(loss) on disposal of capital assets (k)	23	13	36
Raw water rights obligation (l)	2,128	-	2,128
Investment earnings for construction fund (m)	5,172	1,716	6,888
Other	-	-	-
Investment earnings unrealized gain/loss (n)	49	87	136
Improvement & extension fund operating expenses (o)	-	-	-
Capital Contribution (p)	298	6,740	7,038
Net Position Increase/(Decrease) per Financial Statements (b)	\$ 43,197	\$ 69,131	\$ 112,329

Table 2 - Explanatory Notes for Crosswalk

- (a) Source: Budget to Actual Table 1A and Table 1B in Monthly Financial Report
- (b) Source: Basic Financial Statements Table 2 in Monthly Financial Report
- (c) Current year pension payments are an expense for budget purposes but not for financial reporting purposes.
- (d) Prior year pension payments are accounted for in the current year financial statements.
- (e) The administrative fee is part of the O&M Legacy Pension shown as an expense for budget purposes. For financial reporting purposes part of the administrative fee is considered prepaid based on the prior year General Retirement System audit information and therefore not an expense for the current year financial reporting. During fiscal year 2025, it was agreed-upon that the remaining prepaid administrative amount be transferred from the general division reserve at the System to the DWSD Division.
- (f) Debt service (principal and interest payments) are shown as an expense for budget purposes. Most of the adjustment relates to principal payments which are not an expense for financial reporting purposes. A portion of the adjustment relates to interest expense variances on state revolving fund debt due to the timing of payment draws. The cash set aside basis for interest expense generally is the same as the accrual basis for financial reporting.
- (g) This adjustment relates to the B&C note obligation payments. The principal and interest cash basis payments are treated as an expense for budget purposes. The principal portion is not an expense for financial reporting purposes. For financial reporting purposes interest is expensed on an accrual basis which is different from the cash basis.
- (h) Payments for the warehouse lease and subscription-based information technology arrangements (SBITA) are expensed for budget purposes. For financial reporting purposes, the warehouse lease is recorded under GASB 87 and payments are treated as a reduction in the lease liability and interest expense (which is a nonoperating expense). The SBITA payments are recorded under GASB 96 and are treated as a prepaid subscription asset as the software is currently in the implemented phase.

- (i) WRAP is shown as an expense for budget purposes. For financial reporting purposes the expense is not recognized until the funds have been transferred to the WRAP administrator. The adjustment shown is the amount of current year transfers that have not been transferred to the WRAP administrator. Note that there are funds from the prior year that have not been transferred to the WRAP administrator.
- (j) The Extraordinary Repair & Replacement Fund and Improvement & Extension Fund transfers are shown as an expense for budget purposes but not for financial reporting purposes.
- (k) Certain nonoperating income and expenses are reported in financial statements only.
- (l) The water service contract with Flint includes a license for raw water rights which has been recorded as an asset and liability by the Authority. The contract provides for a credit to Flint as Flint satisfies its monthly bond payment obligation to KWA. This KWA credit is treated as a noncash payment of principal and interest on the liability recorded for the raw water rights. For budget, wholesale customer charges are net of the anticipated KWA credits to Flint as that is the cash that will be received and available to meet the budgeted revenue requirements. For financial reporting purposes the Flint wholesale charges are recorded as the total amount billed. When the KWA credit is issued, the receivable from Flint is reduced and the principal and interest payments on the liability for the raw water rights are recorded as a noncash transaction. Most of the adjustment shown relates to the principal reduction made for the credits applied which are not an expense for financial reporting basis.
- (m) Investment earnings from the construction fund are not shown as revenue in the budget and are shown as revenue in the financial statements. Construction fund investment earnings are excluded from the definition of revenue for budget purposes as they are used for construction costs and are not used to meet the revenue requirements in the budget.
- (n) Unrealized gains and losses are recorded annually as required for financial reporting purposes but do not reflect actual investment earnings and are not included in cash basis reporting.

- (o) The Water Improvement and Extension fund and the Sewer Improvement and Extension fund reflect certain expenses relating to repairs paid for through the Water and Sewer Improvement and Extension funds, respectively. These are consolidated expenses for financial reporting purposes but are not reflected in the current Operations and Maintenance budget expenses.

- (p) The FY 2026 capital contribution in Nonoperating (revenue) expense represents ARPA (\$0.3 million) grant revenue for the Water system and (\$6.7 million) for the Sewage Disposal system. This nonoperating revenue is reported only in the GAAP-basis financial statements.

Financial Operations KPI

This key performance indicator shown in **Chart 1 – Bank Reconciliation Completion Status** below provides a measure of the progress made in the month-end close process which includes bank reconciliations with a completed status at month end. Through February 28, 2026, all bank accounts are reconciled.

Chart 1 – Bank Reconciliation Completion Status

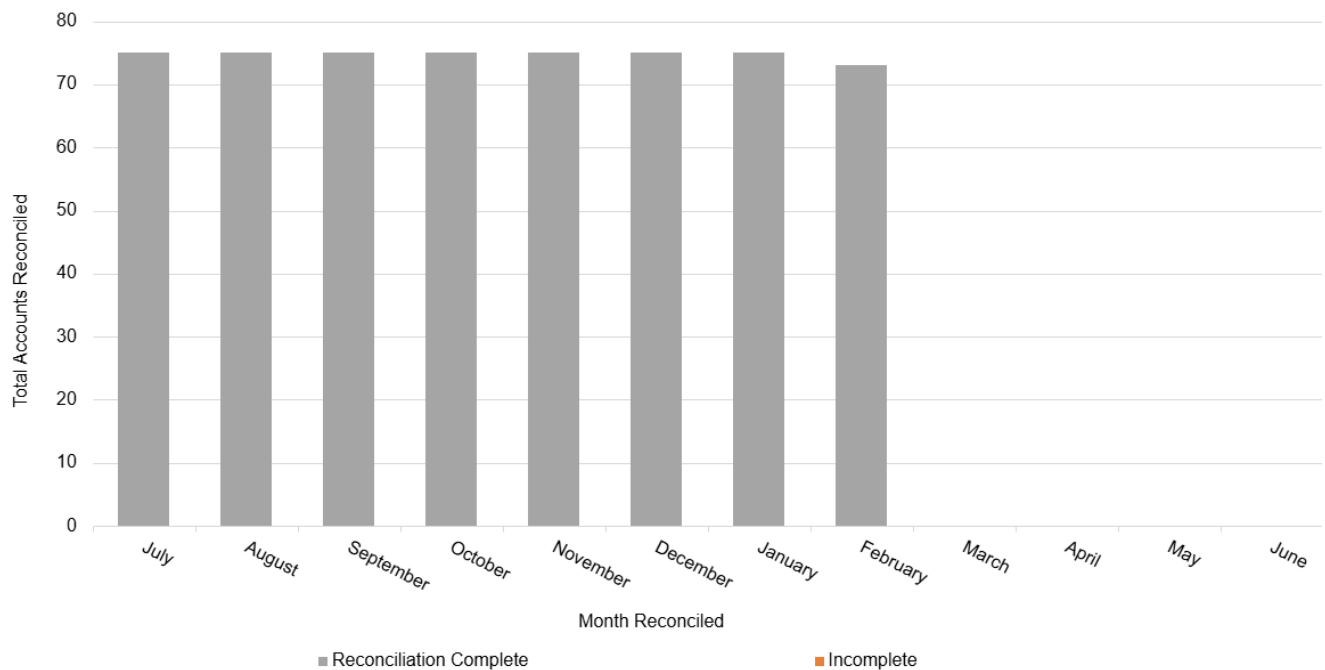


Table 1 – Fiscal Year 2026 GL Cash Account Roll-forward

Total GL Cash accounts as of February 1, 2026	75
New GL Cash accounts since February 1, 2026	0
Inactivated GL Cash accounts since February 1, 2026	(2)
Total GL Cash accounts as of February 28, 2026	73

Supplemental Sections

The Monthly Capital Improvement Plan Financial Summary includes the following.

1. Water System Capital Improvement Plan Spend Incurred to date
2. Sewer System Capital Improvement Plan Spend Incurred to date

Capital Improvement Plan Financial Summary

Great Lakes Water Authority (GLWA) capital improvement projects generally span two or more years due to size and complexity. Therefore, the GLWA Board of Directors (Board) has adopted a five-year capital improvement plan (CIP). The CIP is a five-year, rolling plan which is updated annually and formally adopted by the GLWA Board of Directors. In addition, the Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established.

This report presents quarterly and monthly CIP spending against the prorated CIP in total and the CIP adjusted for the SRA. The prorated CIP is calculated by dividing the total fiscal year 2026 board-approved CIP plan by twelve equal months. It should be noted that for operational purposes, GLWA utilizes Contruent Software for refined monthly projections for cash management and project management.

Capital spend reflects a noticeable variance from budgeted CIP for both the water and sewer funds. For the purposes of this metric, we compare actual spend with the Board-approved budget. For the purposes of managing the financial plan, budget amendments are made to align spending with resources available. Capital spend rate assumptions were proactively updated in this section to reflect the third quarter budget amendments approved at the April 22, 2026 GLWA Board of Directors meeting. The capital spend rate adjustment is 88% of the Board approved CIP planned spend for the water fund and 90% of the Board approved CIP planned spend for the sewer fund.

The State Revolving Fund (SRF) activity reported in Charts 1 and 2 is revised as needed to reflect ongoing changes in approved GLWA SRF funding.

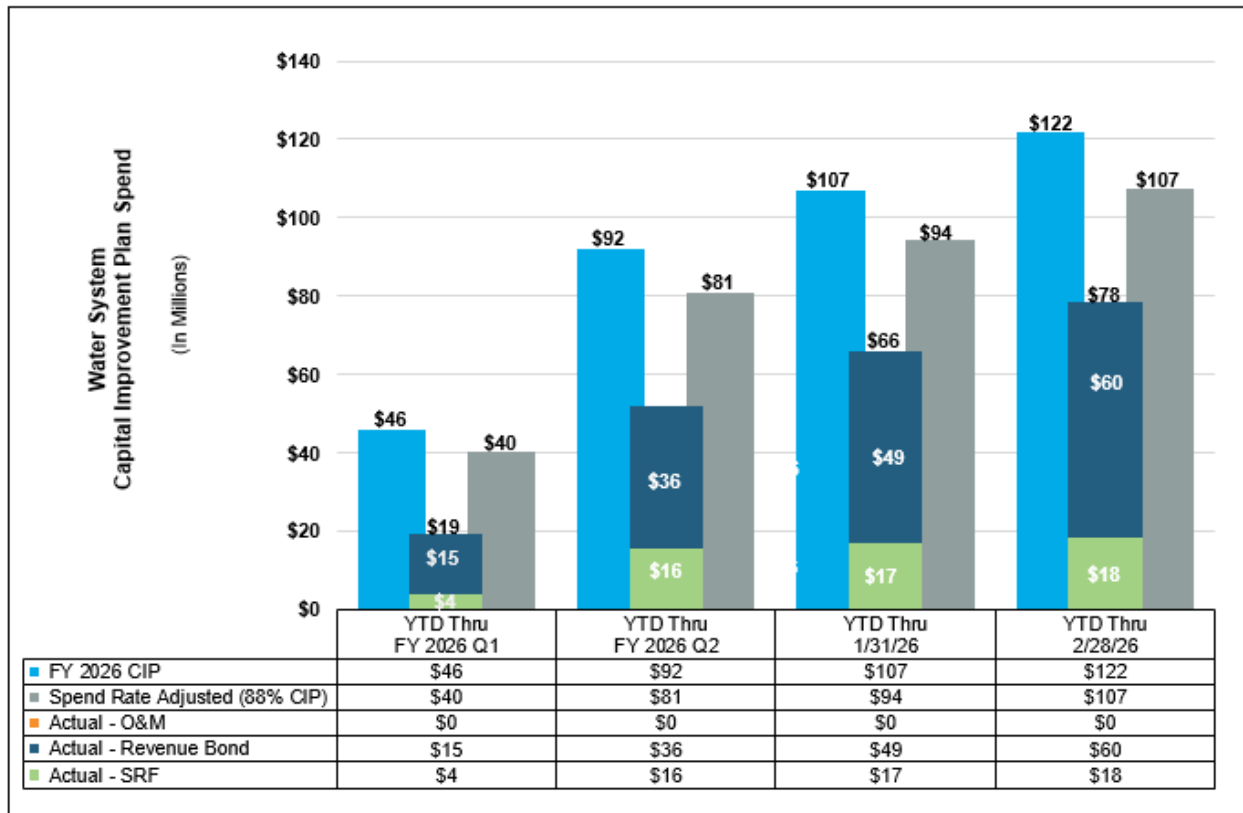
Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date

As of February 2026, the water system incurred \$78 million of construction costs to date. This spend represents 64% of the original, Board-approved CIP, and 73% of the Board-reviewed spend rate adjustment.

Economic factors affecting the CIP spend are considered by the Board quarterly at which time the Board may amend the planned spend rate adjustment.

Several projects were delayed early in the fiscal year which have resulted in actual expenses falling below original budget estimates. We expect a FY 2026 underspend that will be carried forward into FY 2027.

Chart 1 – Water System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted



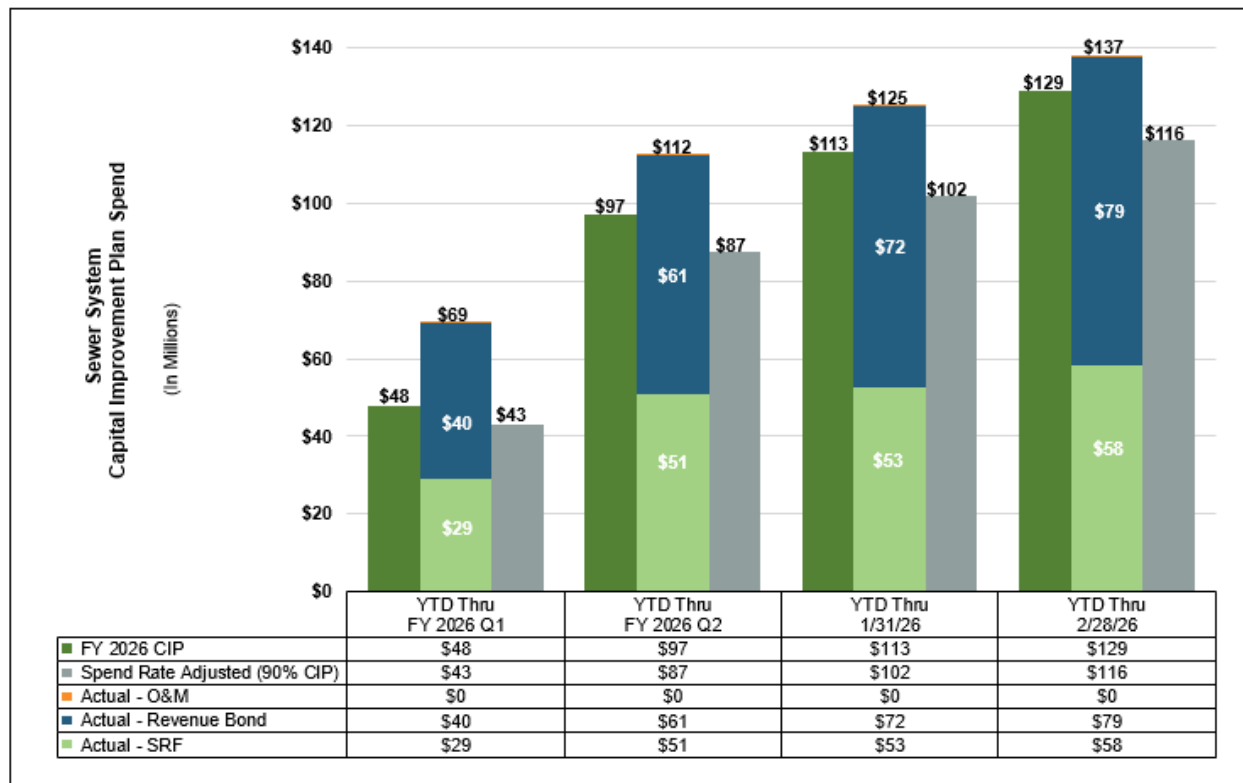
*SRF spend in the chart above reflects total costs associated with active SRF projects and may include some costs not reimbursed through the SRF program.

Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date

As of February 2026, the Sewer system incurred \$137 million of construction costs to date. This spend represents 106% of the original, Board-approved CIP, and 118% of the Board-reviewed spend rate adjustment.

Sewer spending is significantly above plan due to a substantial increase in SRF funding for FY 2026, which has enabled the acceleration of several projects originally scheduled for later years in the CIP and ten-year plan.

Chart 2 – Sewer System Capital Improvement Plan Spend Incurred to Date – Spend Rate Adjusted



*SRF spend in the chart above reflects total costs associated with active SRF projects and may include some costs not reimbursed through the SRF program.

This report includes the following.

1. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by GLWA
2. Master Bond Ordinance (MBO) Required Transfers to Accounts Held by DWSD

MBO Transfers to Accounts Held by GLWA

GLWA Transfers: The Treasury team completes required MBO transfers on the first business day of each month. These transfers are completed in accordance with the Great Lakes Water Authority (GLWA) and Detroit Water & Sewerage Department (DWSD) budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually.

Monthly transfers for Operations & Maintenance (O&M), Pension, and Water Residential Assistance Program (WRAP) are one-twelfth of the annual, budgeted amount. Budget stabilization should not require additional funding due to new, baseline funding levels established as part of the June 2018 Memorandum of Understanding but is included to reflect historical activity. If there are transfers to the Extraordinary Repair & Replacement (ER&R) fund they are completed annually based on budget and year-end fund status.

Table 1 – GLWA FY 2026 Water MBO Transfers reflects the required transfers for FY 2026 completed through February 2026. MBO transfers for water totaling \$127.7 million have been transferred to GLWA accounts.

Table 2 – GLWA FY 2026 Sewer MBO Transfers reflects the required transfers for FY 2026 completed through February 2026. MBO transfers for sewer totaling \$165.8 million have been transferred to GLWA accounts.

Table 3 – GLWA MBO Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 1 – GLWA FY 2026 Water MBO Transfers

WATER								
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water	
FY 2026								
July 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
August 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
September 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
October 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
November 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
December 2025	\$ 15,204,667	\$ -	\$ 388,267	\$ 242,950	\$ -	\$ -	\$ 15,835,884	
January 2026	\$ 16,052,481	\$ -	\$ 388,267	\$ 242,951	\$ -	\$ -	\$ 16,683,699	
February 2026	\$ 15,325,783	\$ -	\$ 388,267	\$ 242,951	\$ -	\$ -	\$ 15,957,001	
March 2026								
April 2026								
May 2026								
June 2026								
Total FY 2026	\$122,606,266	\$ -	\$ 3,106,136	\$1,943,602	\$ -	\$ -	\$ 127,656,004	

Table 2 – GLWA FY 2026 Sewer MBO Transfers

SEWER								
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer	
FY 2026								
July 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
August 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
September 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
October 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
November 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
December 2025	\$ 19,674,892	\$ -	\$ 593,350	\$ 338,833	\$ -	\$ -	\$ 20,607,075	
January 2026	\$ 20,522,648	\$ -	\$ 593,350	\$ 338,834	\$ -	\$ -	\$ 21,454,832	
February 2026	\$ 19,796,000	\$ -	\$ 593,350	\$ 338,834	\$ -	\$ -	\$ 20,728,184	
March 2026								
April 2026								
May 2026								
June 2026								
Total FY 2026	\$158,368,000	\$ -	\$ 4,746,800	\$2,710,666	\$ -	\$ -	\$ 165,825,466	

Table 3 – GLWA MBO Transfer History

WATER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Water
Total FY 2016	\$ 71,052,000	\$ 6,037,100	\$ 10,297,200	\$ 1,983,300	\$ 2,326,900	\$ 606,000	\$ 92,302,500
Total FY 2017	111,879,600	6,037,200	10,297,200	2,077,200	360,000	-	130,651,200
Total FY 2018	121,562,604	6,048,000	10,695,696	2,159,400	-	-	140,465,700
Total FY 2019	121,562,604	6,048,000	10,695,696	2,061,000	-	-	140,367,300
Total FY 2020	126,840,204	6,048,000	10,695,683	1,980,804	-	-	145,564,691
Total FY 2021	134,127,300	6,048,000	10,695,700	2,324,200	-	-	153,195,200
Total FY 2022	143,933,800	6,048,000	10,695,700	2,376,600	-	-	163,054,100
Total FY 2023	156,747,700	6,048,000	10,695,700	2,611,800	-	2,200,000	178,303,200
Total FY 2024	168,873,100	-	2,568,700	2,710,200	50,000	2,836,000	177,038,000
Total FY 2025	182,227,100	-	2,820,700	2,763,800	(50,000)	2,144,000	189,905,600
Total FY 2026 (year to date)	122,606,266	-	3,106,136	1,943,602	-	-	127,656,004
Life to Date	\$ 1,461,412,278	\$ 48,362,300	\$ 93,264,111	\$ 24,991,906	\$ 2,686,900	\$ 7,786,000	\$ 1,638,503,495

SEWER							
	Operations & Maintenance	Pension Sub Account	Pension Obligation	WRAP	Budget Stabilization (For Benefit of DWSD)	Extraordinary Repair & Replacement (ER&R)	Total Sewer
Total FY 2016	\$ 100,865,600	\$ 10,838,400	\$ 14,025,800	\$ 2,523,400	\$ 5,591,700	\$ 779,600	\$ 134,624,500
Total FY 2017	175,858,800	10,838,400	14,026,800	2,654,400	2,654,400	-	206,032,800
Total FY 2018	191,079,396	10,824,000	14,687,496	2,760,804	-	-	219,351,696
Total FY 2019	191,079,396	10,824,000	14,687,496	2,870,992	-	-	219,461,884
Total FY 2020	181,925,800	10,824,000	14,687,517	2,887,300	-	-	210,324,617
Total FY 2021	182,296,000	10,824,000	14,687,500	3,764,300	-	-	211,571,800
Total FY 2022	191,908,600	10,824,000	14,687,400	3,868,700	-	-	221,288,700
Total FY 2023	204,122,500	10,824,000	14,687,400	3,673,800	-	-	233,307,700
Total FY 2024	224,873,500	-	3,914,500	3,836,402	150,000	-	232,774,402
Total FY 2025	235,191,600	-	4,701,200	3,903,701	(150,000)	345,000	243,991,500
Total FY 2026 (year to date)	158,368,000	-	4,746,800	2,710,666	-	-	165,825,466
Life to Date	\$ 2,037,569,192	\$ 86,620,800	\$ 129,539,909	\$ 35,454,465	\$ 8,246,100	\$ 1,124,600	\$ 2,298,555,065

MBO Required and Lease Payment Transfers to DWSD

DWSD Transfers: The GLWA Treasury team completes the required MBO transfers on the first business day of each month. These transfers are completed in accordance with the GLWA and DWSD budgets as approved and adopted by the GLWA Board of Directors and DWSD Board of Water Commissioners annually. Transfers are coordinated with other areas of GLWA Financial Services in advance of the first business day of each month. GLWA Treasury sends confirmation of transfers made to DWSD Treasury.

Monthly transfers for O&M and O&M Pension are one-twelfth of the annual, budgeted amount. The annual lease payment, as stated in the Water and Sewer Lease Agreements, is \$22,500,000 for Water and \$27,500,000 for Sewer. The monthly lease transfer is one-twelfth of the amount as stated in the Lease agreements unless otherwise designated by DWSD. 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 (c) Local System improvements.

Table 4 – DWSD FY 2026 Water MBO Transfers reflects the required transfers for FY 2026 completed through February 2026. MBO transfers for Water totaling \$48.1 million have been transferred to accounts held by DWSD.

Table 5 – DWSD FY 2026 Sewer MBO Transfers reflects the required transfers for FY 2026 completed through February 2026. MBO transfers for Sewer totaling \$58.4 million have been transferred to accounts held by DWSD.

Table 6 – DWSD Water MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History reflects historical transfers for FY 2016 through FY 2026 to date.

Table 4 – DWSD FY 2026 Water MBO Transfers

WATER				
	<u>Operations & Maintenance</u>	<u>Pension</u>	<u>Lease Payment (I&E Fund)</u>	<u>Total Water</u>
FY 2026				
July 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
August 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
September 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
October 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
November 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
December 2025	\$ 4,140,333	\$ -	\$ 1,875,000	\$ 6,015,333
January 2026	\$ 4,140,334	\$ -	\$ 1,875,000	\$ 6,015,334
February 2026	\$ 4,140,334	\$ -	\$ 1,875,000	\$ 6,015,334
March 2026				
April 2026				
May 2026				
June 2026				
Total FY 2026	\$ 33,122,666	\$ -	\$ 15,000,000	\$ 48,122,666

Table 5 – DWSD FY 2026 Sewer MBO Transfers

SEWER				
	<u>Operations & Maintenance</u>	<u>Pension</u>	<u>Lease Payment (I&E Fund)</u>	<u>Total Sewer</u>
FY 2026				
July 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
August 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
September 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
October 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
November 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
December 2025	\$ 5,008,692	\$ -	\$ 2,291,667	\$ 7,300,359
January 2026	\$ 5,008,691	\$ -	\$ 2,291,666	\$ 7,300,357
February 2026	\$ 5,008,691	\$ -	\$ 2,291,666	\$ 7,300,357
March 2026				
April 2026				
May 2026				
June 2026				
Total FY 2026	\$ 40,069,534	\$ -	\$ 18,333,334	\$ 58,402,868

Table 6 – DWSD Water MBO and Lease Payment Transfer History

WATER				
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Water
FY 2016 *				
MBO/Lease Requirement	\$ 26,185,600	\$ 4,262,700	\$ 22,500,000	\$ 52,948,300
Offset to Debt Service	-	-	(2,326,900)	(2,326,900)
Total MBO Transfer	26,185,600	4,262,700	20,173,100	50,621,400
FY 2017				
MBO/Lease Requirement	33,596,400	4,262,400	22,500,000	60,358,800
Offset to Debt Service	-	-	-	-
Total MBO Transfer	33,596,400	4,262,400	22,500,000	60,358,800
FY 2018				
MBO/Lease Requirement	35,059,704	4,272,000	22,500,000	61,831,704
Offset to Debt Service	-	-	(1,875,000)	(1,875,000)
Total MBO Transfer	35,059,704	4,272,000	20,625,000	59,956,704
FY 2019				
MBO/Lease Requirement	35,484,300	4,272,000	22,500,000	62,256,300
Offset to Debt Service	-	-	(3,972,200)	(3,972,200)
Total MBO Transfer	35,484,300	4,272,000	18,527,800	58,284,100
FY 2020				
MBO/Lease Requirement	34,662,400	4,272,000	22,500,000	61,434,400
Offset to Debt Service	-	-	(3,548,000)	(3,548,000)
Total MBO Transfer	34,662,400	4,272,000	18,952,000	57,886,400
FY 2021				
MBO/Lease Requirement	35,833,900	4,272,000	22,500,000	62,605,900
Offset to Debt Service	-	-	(8,278,300)	(8,278,300)
Total MBO Transfer	35,833,900	4,272,000	14,221,700	54,327,600
FY 2022				
MBO/Lease Requirement	29,989,000	4,272,000	22,500,000	56,761,000
Offset to Debt Service	-	-	(8,925,400)	(8,925,400)
Total MBO Transfer	29,989,000	4,272,000	13,574,600	47,835,600
FY 2023				
MBO/Lease Requirement	42,581,600	4,272,000	22,500,000	69,353,600
Offset to Debt Service	-	-	(2,922,100)	(2,922,100)
Total MBO Transfer	42,581,600	4,272,000	19,577,900	66,431,500
FY 2024				
MBO/Lease Requirement	44,776,800	-	22,500,000	67,276,800
Offset to Debt Service	-	-	-	-
Total MBO Transfer	44,776,800	-	22,500,000	67,276,800
FY 2025				
MBO/Lease Requirement	46,468,700	-	22,500,000	68,968,700
Offset to Debt Service	-	-	-	-
Total MBO Transfer	46,468,700	-	22,500,000	68,968,700
FY 2026 (year to date)				
MBO/Lease Requirement	33,122,666	-	15,000,000	48,122,666
Offset to Debt Service	-	-	-	-
Total MBO Transfer	33,122,666	-	15,000,000	48,122,666
Life-to-Date				
MBO/Lease Requirement	397,761,070	34,157,100	240,000,000	671,918,170
Offsets	-	-	(31,847,900)	(31,847,900)
Total Water	\$ 397,761,070	\$ 34,157,100	\$ 208,152,100	\$ 640,070,270

* Note: FY 2016 lease transfer amounts shown do not include prepayment on the lease amount for the 6 months period before bifurcation.

Table 7 – DWSD Sewer MBO and Lease Payment Transfer History

SEWER				
	Operations & Maintenance	Operations & Maintenance Pension	Lease Payment (I&E Fund)	Total Sewer
FY 2016 *				
MBO/Lease Requirement	\$ 19,774,300	\$ 2,861,800	\$ 27,500,000	\$ 50,136,100
Offset to Debt Service	-	-	(19,991,500)	(19,991,500)
Total MBO Transfer	19,774,300	2,861,800	7,508,500	30,144,600
FY 2017				
MBO/Lease Requirement	41,535,600	2,862,000	27,500,000	71,897,600
Offset to Debt Service	-	-	-	-
Total MBO Transfer	41,535,600	2,862,000	27,500,000	71,897,600
FY 2018				
MBO/Lease Requirement	60,517,992	2,856,000	27,500,000	90,873,992
Offset to Debt Service	-	-	(9,166,664)	(9,166,664)
Total MBO Transfer	60,517,992	2,856,000	18,333,336	81,707,328
FY 2019				
MBO/Lease Requirement	56,767,920	2,856,000	27,500,000	87,123,920
Offset to Debt Service	-	-	(4,415,000)	(4,415,000)
Total MBO Transfer	56,767,920	2,856,000	23,085,000	82,708,920
FY 2020				
MBO/Lease Requirement	62,343,500	2,856,000	27,500,000	92,699,500
Offset to address shortfall	(7,100,000)	-	-	(7,100,000)
Offset to Debt Service	-	-	(5,032,700)	(5,032,700)
Total MBO Transfer	55,243,500	2,856,000	22,467,300	80,566,800
FY 2021				
MBO/Lease Requirement	69,915,700	2,856,000	27,500,000	100,271,700
Offset to Debt Service	-	-	(3,257,200)	(3,257,200)
Total MBO Transfer	69,915,700	2,856,000	24,242,800	97,014,500
FY 2022				
MBO/Lease Requirement	61,301,000	2,856,000	27,500,000	90,735,453
Offset to Debt Service	-	-	(5,529,297)	(4,607,750)
Total MBO Transfer	61,301,000	2,856,000	21,970,703	86,127,703
FY 2023				
MBO/Lease Requirement	51,396,400	2,856,000	27,500,000	81,752,400
Offset to Debt Service	-	-	(4,388,300)	(4,388,300)
Total MBO Transfer	51,396,400	2,856,000	23,111,700	77,364,100
FY 2024				
MBO/Lease Requirement	55,705,700	-	27,500,004	83,205,704
Offset to Debt Service	-	-	-	-
Total MBO Transfer	55,705,700	-	27,500,004	83,205,704
FY 2025				
MBO/Lease Requirement	57,356,900	-	27,500,000	84,856,900
Offset to Debt Service	-	-	-	-
Total MBO Transfer	57,356,900	-	27,500,000	84,856,900
FY 2026(year to date)				
MBO/Lease Requirement	40,069,534	-	18,333,334	58,402,868
Offset to Debt Service	-	-	-	-
Total MBO Transfer	40,069,534	-	18,333,334	58,402,868
Life-to-Date				
MBO/Lease Requirement	576,684,546	22,859,800	293,333,338	891,956,137
Offsets	(7,100,000)	-	(51,780,661)	(57,959,114)
Total Sewer	\$ 569,584,546	\$ 22,859,800	\$ 241,552,677	\$ 833,997,023

* Note: FY 2016 lease transfer amounts shown do not include prepayment on the lease amount for the 6 months period before bifurcation.

This report includes the following:

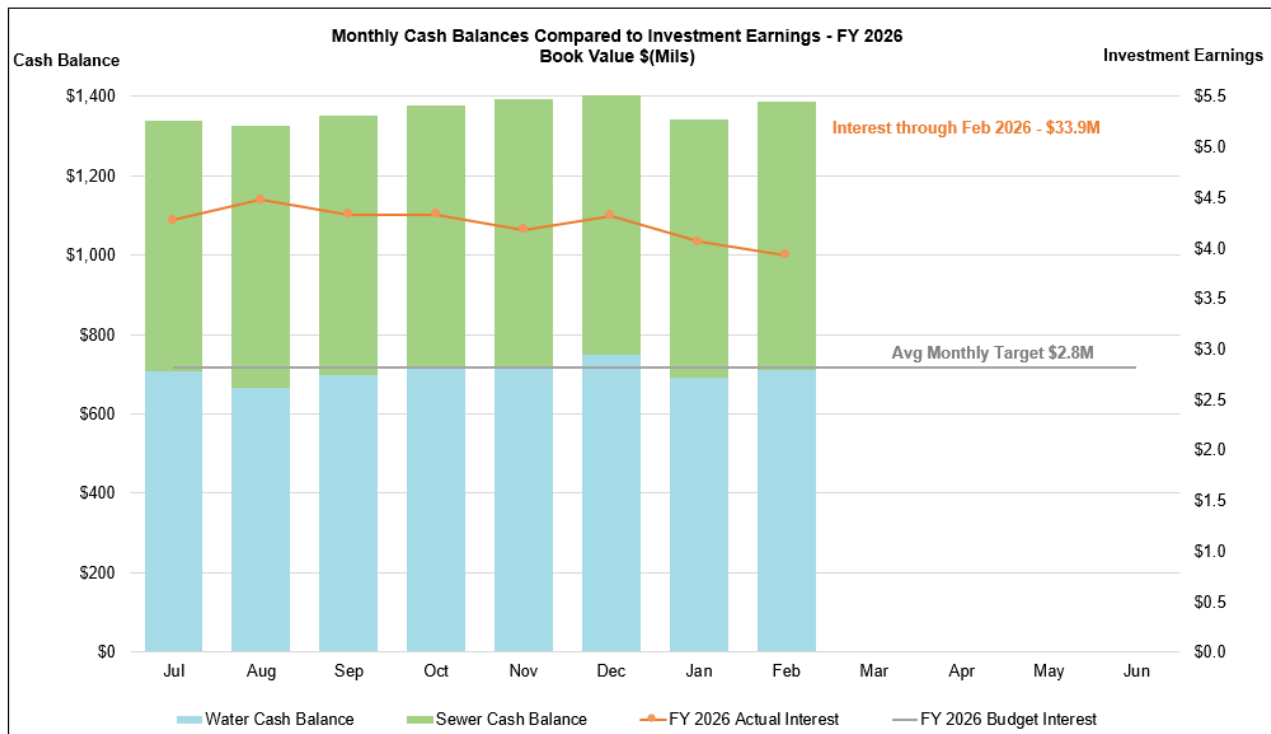
1. Monthly Cash Balances Compared to Investment Income
2. Cash Balance Detail

Monthly Cash Balances Compared to Investment Income

GLWA's investment holdings comply with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. The cash balances shown in this report include bank deposits, money market funds, a local government investment pool, U.S. Treasuries, Federal Agencies, and commercial paper.

Cash and investment balances change each month based on Master Bond Ordinance (MBO) funding requirements, operational needs, capital spending pace, and mandatory debt payments. Investment income fluctuates monthly based on cash and investment balances as well as market conditions and investment strategy. For the month of February 2026, GLWA earned investment income of \$3.9 million and cumulative FY 2026 earnings through February 2026 of \$33.9 million. Total investment income reported includes earnings from revenue requirement funds as well as construction bond funds.

Chart 1 – Monthly Cash Balances Compared to Investment Income – Through February 2026



\$(Mils)	July	August	September	October	November	December	January	February
Water	707	667	697	719	716	748	690	711
Sewer	633	659	655	659	676	681	653	676
Total	1,340	1,326	1,352	1,377	1,392	1,428	1,344	1,387
Investment Income	4.3	4.5	4.3	4.3	4.2	4.3	4.1	3.9

GLWA continues to refine cash flows and work with its investment advisor to identify strategies to maximize future investment income while meeting the objectives of safety and liquidity.

Cash Balance Detail

Funds Held By GLWA: GLWA cash balances are held in accounts as defined by the Master Bond Ordinance. The accounts are funded by monthly transfers, as stipulated in the MBO, on the first business day of each month. The “operations and maintenance” (O&M) fund transfer amounts are based upon the annual O&M budget approved by the GLWA Board of Directors for the regional systems and by the Board of Water Commissioners for the Detroit Water & Sewerage Department (DWSD) local system budgets. The water and sewer funds held by GLWA and their purpose, as defined by the MBO, are listed below.

Funds Held Within Trust:

- Receiving – all retail and wholesale revenues collected which are distributed in subsequent month(s)
- Debt Service – funds set aside for debt service and debt reserve requirements
- Pension Obligation – funds set aside to meet GLWA’s annual funding requirements for the legacy General Retirement System Pension Plan
- Water Residential Assistance Program (WRAP) – funds set aside to be used to provide financial assistance to qualified residents throughout the local and regional water system as directed by program guidelines
- Budget Stabilization – funds held by GLWA on behalf of DWSD that can be applied against shortfalls in retail revenues
- Emergency Repair & Replacement (ER&R) – funds set aside to pay the costs for major unanticipated repairs and replacements of the local and regional systems
- Improvement & Extension (I&E) – funds set aside to be used for the improvements, enlargements, and extensions of the regional system

Funds Held Outside Trust:

- Bond Proceeds – funds raised from debt issuance used for costs of repairs, construction, and improvements of the regional system
- Operations & Maintenance (O&M) – funds used to meet the operational and maintenance requirements of the regional system

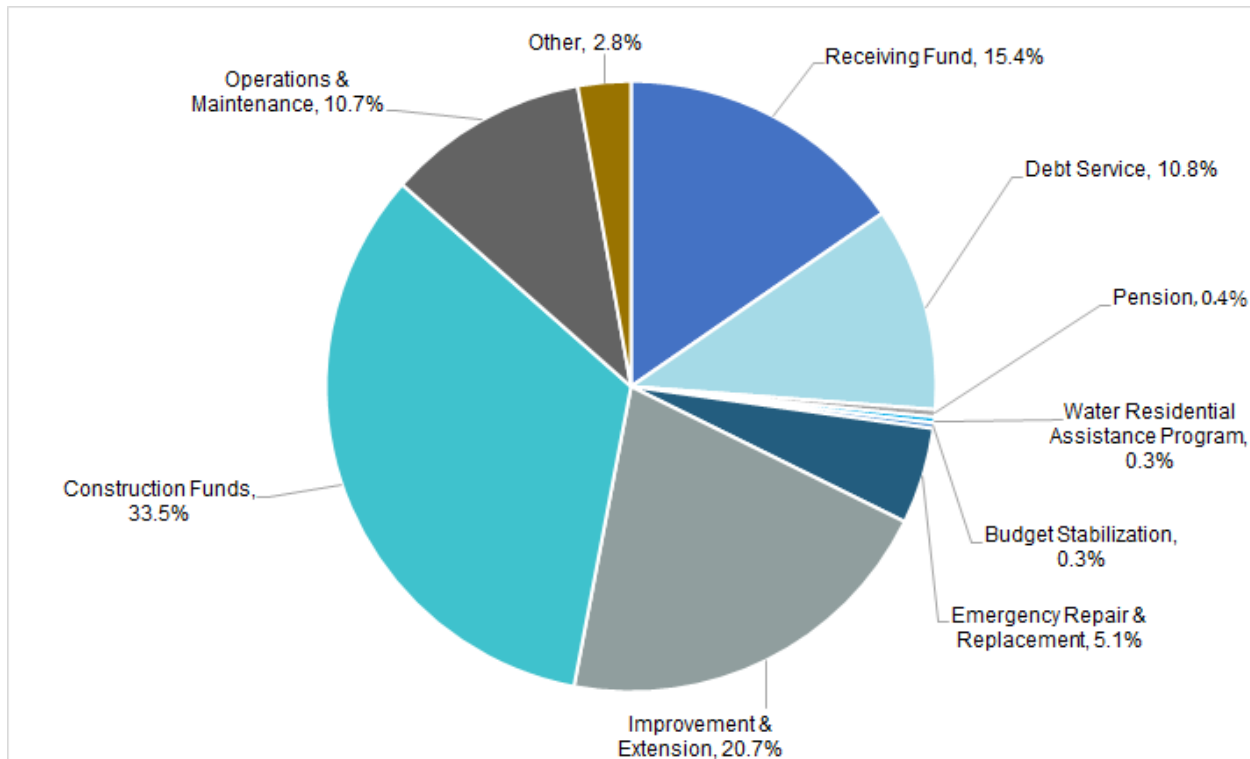
- Other – retainage funds held on behalf of contractors and security deposit funds held on behalf of the City of Flint, and capital contribution funds provided by the Evergreen Farmington Sewer District recognized as related project work is completed

A [chart](#) depicting the follow of funds is online at glwater.org as well as the [MBO](#) documents.

Chart 2 – Cash Balances - Water Funds as of February 2026 - Shows the allocation of the balance among the different categories defined in the section above. The total cash balance for Water Funds as of February 2026 is \$711 million. The allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

GLWA completed a bond transaction of \$231.8 million in June 2025 to support water system improvements. Those proceeds, along with I&E and SRF low-interest loans, will fund the capital program going forward.

Chart 2 – Cash Balances - Water Funds as of February 2026



Note: Due to rounding totals may not equal 100%.

Chart 3 – Cash Balances - Sewer Funds as of February 2026 - Shows the allocation of the balance among the different funds defined in the section above. The total cash balance for Sewer Funds as of February 2026 is \$676 million. Like the Water Funds, the allocation of balances among the I&E, bond proceeds, and debt service reserve funds reflects GLWA's commitment to funding capital improvements and meeting debt reserve requirements while simultaneously increasing I&E resources to fund pay-as-you-go capital funding to reduce long-term debt in the future.

In conjunction with the Water Fund transaction, GLWA completed a bond transaction of \$51.7 million in June 2025 to support sewage disposal system improvements. Those proceeds, along with I&E and SRF low-interest loans, will fund the capital program going forward.

Chart 3 – Cash Balances - Sewer Funds as of February 2026



Note: Due to rounding totals may not equal 100%.

Retail Revenues, Receivables, and Collections: Pursuant to the terms of the lease agreement between the City of Detroit and the Great Lakes Water Authority (GLWA), the Detroit Water & Sewerage Department (DWSD) serves as GLWA's agent for billing activities for the City of Detroit retail customer class. All water and sewer service collections from DWSD customers are deposited in a trust account and are administered in accordance with the GLWA Master Bond Ordinance.

The Monthly Retail Revenues, Receivables, & Collections Report includes the following.

1. DWSD Retail Water Revenue Billings and Collections
2. DWSD Retail Sewer Revenue Billings and Collections
3. DWSD Retail Water and Sewer System Accounts Receivable Aging Report

Note: Wholesale customer revenues are billed by the Great Lakes Water Authority.

DWSD Retail Water Billings and Collections

Retail Billing Basis: DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

Table 1 - DWSD Retail Billings shows the FY 2026 water usage and billed revenue which are provided by DWSD staff. As of February 28, 2026, the DWSD usage was 102.35% of the budget and billed revenue was 101.41% of budget.

DWSD Retail Water Collections: The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

Table 2 - Retail Water Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

Table 1 – DWSD Retail Water Billing

RETAIL WATER CUSTOMERS								
Month (1)	FY 2026 - Original Budget		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume Mcf	Revenue \$	Volume Mcf	Revenue (2) \$	Volume Mcf	Revenue \$	Volume Mcf	Revenue \$
July	244,000	12,892,300	236,214	12,041,875	(7,786)	(850,425)	226,703	11,590,136
August	263,000	13,853,800	272,574	14,148,381	9,574	294,581	240,621	12,171,324
September	251,000	13,253,400	237,179	12,513,086	(13,821)	(740,314)	238,868	12,205,143
October	216,000	11,549,800	226,626	12,063,899	10,626	514,099	216,527	11,222,004
November	212,000	11,324,500	221,379	11,775,893	9,379	451,393	212,832	11,115,046
December	203,000	10,882,100	203,161	10,958,929	161	76,829	212,252	11,100,382
January	198,000	10,646,500	223,074	11,821,439	25,074	1,174,939	190,716	10,661,000
February	212,000	11,339,300	221,065	11,770,966	9,065	431,666	222,769	11,469,800
March	207,000	11,091,000					229,724	11,649,351
April	208,000	11,145,700					222,774	11,403,695
May	198,000	10,642,800					209,658	10,767,180
June	216,000	11,518,900					219,077	11,249,137
Total	2,628,000	140,140,100	1,841,273	97,094,469	42,273	1,352,769	2,642,521	136,604,198
<i>Subtotals YTD</i>	<i>1,799,000</i>	<i>95,741,700</i>	<i>1,841,273</i>	<i>97,094,469</i>	<i>42,273</i>	<i>1,352,769</i>		
<i>Achievement of Budget</i>			<i>102.35%</i>	<i>101.41%</i>				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Retail revenues include miscellaneous revenues and penalties

Table 2 – DWSD Retail Water Collections

Water				
Month	Current Year	Prior Year	Variance	Ratio
March	9,132,694	15,842,538	(6,709,844)	-42.35%
April	11,714,224	13,840,518	(2,126,294)	-15.36%
May	11,107,278	5,960,146	5,147,132	86.36%
June	10,096,555	9,045,195	1,051,360	11.62%
July	16,948,502	12,645,121	4,303,381	34.03%
August	10,140,353	10,203,737	(63,384)	-0.62%
September	11,666,527	10,837,378	829,148	7.65%
October	12,781,574	12,110,080	671,494	5.54%
November	9,532,650	8,572,356	960,295	11.20%
December	11,046,334	10,277,979	768,355	7.48%
January	10,418,033	10,935,031	(516,998)	-4.73%
February	11,170,799	9,632,511	1,538,288	15.97%
Rolling, 12-Month Total	135,755,522	129,902,590		
Rolling, 12-Month Average	11,312,960	10,825,216		

DWSD Retail Sewer Billings and Collections

Retail billing basis: DWSD bills retail customers monthly. Customers are billed throughout the month in cycles based on a meter reading schedule beginning with residential accounts and ending with commercial and industrial customers.

Table 3 - DWSD Retail Sewer Billings shows the FY 2026 sewer billed revenue which is provided by DWSD staff. As of February 28, 2026, the DWSD usage was at 98.39% of the budget and billed revenue was at 97.57% of budget.

DWSD Retail Sewer Collections: The collections represent payments made by DWSD retail customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA's Master Bond Ordinance.

Table 4 – DWSD Retail Sewer Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

Table 3 - DWSD Retail Sewer Billings

RETAIL SEWER CUSTOMERS								
Month (1)	FY 2026 - Original Budget		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume	Revenue	Volume (2)	Revenue (3)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	204,000	30,924,900	192,183	28,662,775	(11,817)	(2,262,125)	173,084	26,350,527
August	198,000	30,551,600	203,783	31,930,819	5,783	1,379,219	195,207	28,301,325
September	213,000	31,445,600	193,046	29,790,797	(19,954)	(1,654,803)	198,474	28,536,169
October	182,000	29,612,100	181,876	28,479,034	(124)	(1,133,066)	181,932	28,141,699
November	180,000	29,458,600	177,741	28,733,319	(2,259)	(725,281)	171,499	28,166,266
December	176,000	29,233,100	162,984	27,880,945	(13,016)	(1,352,155)	192,915	28,831,326
January	156,000	28,015,300	176,949	28,716,193	20,949	700,893	140,835	26,273,695
February	181,000	29,507,800	177,466	28,747,508	(3,534)	(760,292)	182,920	28,075,547
March	174,000	29,074,500					184,249	28,353,310
April	173,000	29,059,800					176,337	27,741,237
May	172,000	28,967,700					178,327	27,806,874
June	179,500	29,415,100					181,839	28,059,145
Total	2,188,500	355,266,100	1,466,027	232,941,390	(23,973)	(5,807,610)	2,157,619	334,637,121
Subtotals YTD	1,490,000	238,749,000	1,466,027	232,941,390	(23,973)	(5,807,610)		
Achievement of Budget/Goal			98.39%	97.57%				

(1) Figures are stated as "Service Months"; that is, July figures represent bills issued in August, etc.

(2) Reflects billed volume based on actual usage except for residential customers where the billed volume differs from actual usage due to residential sewer volume caps implemented in FY 2023.

(3) Retail revenues include miscellaneous revenues and penalties

Table 4 – DWSD Retail Sewer Collections

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
March	23,871,283	26,438,687	(2,567,405)	-9.71%
April	25,340,397	23,532,381	1,808,016	7.68%
May	22,575,530	22,487,372	88,158	0.39%
June	23,278,350	20,945,929	2,332,421	11.14%
July	35,487,541	36,297,569	(810,027)	-2.23%
August	27,119,685	22,591,511	4,528,174	20.04%
September	28,474,877	22,367,425	6,107,452	27.31%
October	28,509,554	25,231,098	3,278,456	12.99%
November	22,598,245	23,609,169	(1,010,924)	-4.28%
December	25,994,879	23,914,649	2,080,230	8.70%
January	24,570,153	26,416,591	(1,846,438)	-6.99%
February	25,891,944	24,116,823	1,775,121	7.36%
Rolling 12-Month Total	313,712,438	297,949,203		
Rolling, 12-Month Average	26,142,703	24,829,100		

DWSD Retail Water and Sewer Accounts Receivable Aging Report

The DWSD detailed accounts receivable aging are categorized by customer category.

Table 5 is a summary of the monthly sales, total receivables, bad debt allowance and net water and sewer receivables as of February 28, 2026, with comparative totals from June 30, 2025, June 30, 2024, and June 30, 2023. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The table provides a comparison of days in accounts receivable calculated as net receivables divided by daily sales and confirms that over time, days in AR is held in check overall due to a consistent practice of adjusting the allowance for doubtful accounts monthly. To the extent this allowance is adjusted, and bad debt expense is recognized in the DWSD budget, it does not impact GLWA.

Table 6 is a summary of the total, current and non-current Water and Sewer receivables by category as of February 28, 2026, with comparative totals February 28, 2025. This table does not include past due accounts that have been transferred to the City of Detroit for collection as tax liens.

The Total Balance and Total Bad Debt Allowance as of February 28, 2026, are reflective of the values in both the Table 5 Summary and Table 6 breakdown.

Table 5 – DWSD Retail Accounts Receivable Aging Report – Summary

Summary					
Period Ending	Monthly Sales	Receivables			Days in AR (1)
		Total	Allowance	Net	
June 30, 2023	39,443,000	327,023,000	(272,012,000)	55,011,000	42
June 30, 2024 (2)	39,029,000	324,867,000	(249,922,000)	74,944,000	58
June 30, 2025 (3)	40,227,000	381,752,000	(310,878,000)	70,873,000	53
Feb 28, 2026 (4)	41,300,000	407,239,000	(354,869,000)	52,369,000	38

Totals may be off due to rounding

(1) Days in AR is calculated as net receivables divided by daily sales (monthly sales/30 days).

(2) The June 30, 2024 monthly sales amount was updated in April 2025 reporting to include an increase of approximately \$675,000 that was made subsequent to the original reporting.

(3) The June 30, 2025 year-end allowance amount was updated in July 2025 reporting to include an increase of approximately \$153,000 that was made subsequent to the original reporting.

(4) The annual AR Tax Roll Transfer totaling \$16,150,000 was made in December 2025.

**Table 6 – DWSD Retail Accounts Receivable Aging Report – Water & Sewer
Combined**

	Avg. Balance	Current	> 30 Days	> 60 Days	> 180 Days	A/R Balance
Residential	1,000.24	14,847,000 6.1%	9,503,000 3.9%	27,659,000 11.3%	192,661,000 78.7%	244,670,000 100.0%
Commercial	1,161.22	7,769,000 23.2%	2,520,000 7.5%	7,589,000 22.7%	15,621,000 46.6%	33,499,000 100.0%
Industrial	2,849.58	5,744,000 32.6%	969,000 5.5%	3,193,000 18.1%	7,690,000 43.7%	17,596,000 100.0%
Tax Exempt	483.22	4,318,000 18.1%	1,135,000 4.7%	2,874,000 12.0%	15,582,000 65.2%	23,909,000 100.0%
Government	2,635.66	3,752,000 17.8%	1,365,000 6.5%	2,840,000 13.5%	13,140,000 62.3%	21,096,000 100.0%
Drainage	-	-	-	-	-	-
Subtotal - Active Accounts	1,010.83	36,430,000 10.7%	15,491,000 4.5%	44,155,000 13.0%	244,693,000 71.8%	340,769,000 100.0%
Inactive Accounts	164.96	114,000 0.2%	144,000 0.2%	1,290,000 1.9%	64,920,000 97.7%	66,469,000 100.0%
Total	550.29	36,544,000	15,636,000	45,446,000	309,613,000	407,239,000
<i>% of Total A/R</i>		9.0%	3.8%	11.2%	76.0%	100.0%
Water Fund	122.62	9,962,000	3,981,000	11,117,000	65,688,000	90,747,000
Sewer Fund	427.66	26,582,000	11,655,000	34,328,000	243,926,000	316,491,000
Total Feb 28, 2026 (a)	550.29	36,544,000	15,636,000	45,446,000	309,613,000	407,239,000
Water Fund- Allowance						(72,116,000)
Sewer Fund- Allowance						(282,753,000)
Total- Bad Debt Allowance						(354,869,000)
Comparative - Feb 2025 (b)	640.82	37,296,000	14,508,000	55,892,000	252,719,000	360,415,000
Difference (a) - (b)		(752,000)	1,128,000	(10,447,000)	56,894,000	46,823,000

The Monthly Wholesale Billings, Receivables, and Collections Report include the following.

1. Wholesale Water Billings and Collections
2. Wholesale Sewer Billings and Collections
3. Wholesale Water & Sewer Accounts Receivable Aging Summary

Wholesale Water Billings and Collections

Wholesale Water Contracts: The Great Lakes Water Authority (GLWA) provides wholesale water service to 87 member-partners through a variety of service arrangements.

Service Arrangement Type

Model Contract	85
Emergency	0
Older Contracts	<u>2</u>
Total	<u><u>87</u></u>

***Note:** Services are provided to the Detroit Water & Sewerage Department (DWSD) via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of this monthly report.*

Wholesale Water Billing Basis: Beginning with FY 2016, wholesale water charges were restructured to create a more stable revenue stream by using a historical rolling average to project customer volumes which accounts for 40% of the monthly charges and 60% of the annual customer revenue requirement as a monthly fixed charge.

***Table 1 - Wholesale Water Billings** shows the FY 2026 water billed usage and revenues. As of February 28, 2026, the billed usage was at 102.54% of the original plan and billed revenue at 101.30% of the original plan. Billings and usage from the City of Flint are included as they were assumed in the FY 2026 Budget.*

Wholesale Water Collections: The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

***Table 2 - Wholesale Water Collections** shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods. Current year collections are trending above the prior year for the twelve-month period ending February 28, 2026.*

Table 1 – FY 2026 Wholesale Water Billings Report

WHOLESALE WATER CHARGES								
Month (1)	FY 2026 Charges (2)		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume	Revenue	Volume	Revenue (3)	Volume	Revenue	Volume	Revenue
	Mcf	\$	Mcf	\$	Mcf	\$	Mcf	\$
July	1,459,700	35,523,100	1,443,326	35,332,100	(16,374)	(191,000)	1,347,527	32,449,201
August	1,327,600	33,953,000	1,389,530	34,819,742	61,930	866,742	1,297,169	31,977,986
September	1,270,300	33,143,000	1,322,813	33,872,313	52,513	729,313	1,315,030	32,104,405
October	1,040,600	30,218,400	1,098,074	31,097,156	57,474	878,756	1,051,234	28,946,404
November	887,200	28,529,400	886,345	28,592,350	(855)	62,950	872,926	26,975,632
December	962,000	29,287,500	978,599	29,497,185	16,599	209,685	866,671	27,877,869
January	977,400	29,446,100	981,881	29,568,986	4,481	122,886	989,175	28,114,300
February	873,200	28,325,000	920,661	28,874,247	47,461	549,247	888,053	27,055,774
March	946,800	29,098,400					966,088	27,862,863
April	905,200	28,703,100					928,903	27,482,932
May	1,099,400	31,132,100					1,049,087	28,969,431
June	1,393,800	34,734,300					1,325,550	32,157,894
Total	13,143,200	372,093,400	9,021,229	251,654,079	223,229	3,228,579	12,897,411	351,974,691
Subtotals YTD	8,798,000	248,425,500	9,021,229	251,654,079	223,229	3,228,579		

Achievement of Original Plan 102.54% 101.30%

(1) Figures are stated as "Service Months;" that is, July figures represent bills issued in August, etc.

(2) Charges are based on the approved FY 2026 water supply system charge schedule.

(3) Water Revenues differ from Table 1A within the budget to actual analysis section because amounts are reduced by the monthly payment to the City of Flint for a license to raw water rights under the Flint Raw Water Contract in Table 1A.

Table 2 - Wholesale Water Collections

Water				
Month	Current Year	Prior Year	Variance	Ratio
March	26,649,141	24,740,554	1,908,587	7.71%
April	25,622,706	26,856,179	(1,233,473)	-4.59%
May	26,976,277	25,838,255	1,138,022	4.40%
June	25,164,355	24,182,036	982,319	4.06%
July	30,792,996	30,278,936	514,060	1.70%
August	23,138,830	25,054,796	(1,915,966)	-7.65%
September	40,509,372	31,569,804	8,939,568	28.32%
October	33,195,865	29,858,946	3,336,919	11.18%
November	34,874,119	29,728,772	5,145,347	17.31%
December	34,704,987	33,080,276	1,624,711	4.91%
January	25,508,162	28,917,330	(3,409,168)	-11.79%
February	28,036,322	25,874,160	2,162,162	8.36%
Rolling 12-Month Total	355,173,132	335,980,044		
Rolling, 12-Month Average	29,597,761	27,998,337		

Wholesale Sewer Billings and Collections

Wholesale Sewer Contracts: GLWA provides wholesale sewer service to 18 member-partners via multiple service arrangements.

Service Arrangement Type	
Model Contract	14
Emergency	0
Older Contracts	<u>4</u>
Total	<u><u>18</u></u>

Note: Services are provided to the Detroit Water & Sewerage Department via a Water and Sewer Services Agreement (WSSA). See the “Retail Revenues, Receivables, and Collections Report” section of the monthly report.

Wholesale Sewer Billing Basis: Beginning in FY 2015, the “sewer rate simplification” initiative was applied which provides for a stable revenue stream and predictability for our member partners. Wholesale sewer customers are billed a fixed monthly fee based upon the annual revenue requirement.

Table 3 - Wholesale Sewer Billings shows the FY 2026 sewer billed revenue. As of February 28, 2026, the billed revenue reflects 100.00% of the original plan.

Wholesale Sewer Collections: The collections represent payments made by wholesale customers. These receipts are deposited directly into a lockbox with a trustee for administration of the flow of funds defined by GLWA’s Master Bond Ordinance.

Table 4 - Wholesale Sewer Collections shows collections by month for the past 12 months compared to collections for the prior year as well as the calculated difference between the periods.

The shift in wholesale sewer collection patterns is largely attributable to the timing of payments received. There are several large accounts whose payments swing between the end of the current month and the beginning of the next month. Current year collections are trending above the twelve-month period ending February 28, 2026.

Table 3 – FY 2026 Wholesale Sewer Billings Report

WHOLESALE SEWER CHARGES								
Month (1)	FY 2026 Charges		FY 2026 - Actual		FY 2026 - Variance		FY 2025 - Actuals	
	Volume (2) Mcf	Revenue \$	Volume (2) Mcf	Revenue \$	Volume (2) Mcf	Revenue \$	Volume Mcf	Revenue \$
July	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
August	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
September	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
October	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
November	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
December	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
January	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
February	N/A	24,932,600	N/A	24,932,600	N/A	-	N/A	23,883,900
March	N/A	24,932,600	N/A		N/A		N/A	23,883,900
April	N/A	24,932,600	N/A		N/A		N/A	23,883,900
May	N/A	24,932,600	N/A		N/A		N/A	23,883,900
June	N/A	24,932,600	N/A		N/A		N/A	23,883,900
Total		299,191,200		199,460,800		-		286,606,800
Subtotals YTD		199,460,800		199,460,800		-		
Achievement of Original Plan				100.00%				

(1) Figures are stated as "Service Months," that is, July figures represent bills issued in August, etc.
 (2) Not tracked as part of the wholesale sewer charges.

Table 4 - Wholesale Sewer Collections

Sewer				
Month	Current Year	Prior Year	Variance	Ratio
March	24,230,161	24,740,554	1,908,587	7.71%
April	24,138,802	18,685,600	5,453,202	29.18%
May	23,965,586	28,363,300	(4,397,714)	-15.50%
June	24,053,386	23,300,100	753,286	3.23%
July	19,273,207	18,438,961	834,246	4.52%
August	28,754,028	13,987,797	14,766,231	105.57%
September	28,754,500	25,450,281	3,304,219	12.98%
October	28,120,360	13,037,715	15,082,645	115.68%
November	18,532,800	33,933,304	(15,400,504)	-45.38%
December	24,881,961	23,958,644	923,317	3.85%
January	24,892,429	23,850,161	1,042,268	4.37%
February	31,514,572	23,509,614	8,004,958	34.05%
Rolling, 12-Month Total	301,111,792	269,976,377		
Rolling, 12-Month Average	25,092,649	22,498,031		

Wholesale Water & Sewer Accounts Receivable Aging Summary

GLWA operational invoices reflect 45-day payment terms. This allows Member Partners the ability to collect payment for services rendered under typical 30-day payment terms with an additional 15-day window to make payment to GLWA for wholesale services provided during that service period.

Table 5 - Wholesale Accounts Receivable Aging Summary is a summary of the total, current and non-current receivables by category as of February 28, 2026.

Table 6 - Wholesale Accounts Receivable Aging Summary, Net Dearborn is the same summary *without* the past due balances for Dearborn. Five water accounts comprise the total past due balance of \$461,726 reported of which \$349,333 was paid in March. The Billing Team continues to work with member partners on the remaining \$112,393 unpaid balance.

All sewer accounts are current in February. The IWC past due balance reflects four accounts totaling \$30,567 of which \$24,215 was paid in March and \$6,085 in April. The Billing Team continues to work with the member partner on the remaining \$267 unpaid balance. The Pollutant Surcharge past due balance consists of smaller account holders that GLWA staff continue to communicate with. The credit balance of \$5,335 relates to a usage adjustment reported that will be applied to the customer's next invoice.

Table 5 - Wholesale Accounts Receivable Aging Summary

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	46,642,652	37,614,548	333,718	199,396	115,959	8,379,033
Sewer	8,275,800	8,275,800	-	-	-	-
IWC	698,337	667,770	16,187	267	9,746	4,367
Pollutant	662,654	643,320	5,154	647	(5,335)	18,868
Total	56,279,444	47,201,437	355,059	200,309	120,370	8,402,268
	100.00%	83.87%	0.63%	0.36%	0.21%	14.93%

Table 6 - Wholesale Accounts Receivable Aging Summary, Net of Dearborn

	Total	Current	1-45 Days	46-74 Days	75-104 Days	>105 Days
Water	37,058,716	36,596,991	269,551	135,229	51,792	5,154
Sewer	8,275,800	8,275,800	-	-	-	-
IWC	698,337	667,770	16,187	267	9,746	4,367
Pollutant	662,654	643,320	5,154	647	(5,335)	18,868
Total	46,695,508	46,183,880	290,893	136,142	56,203	28,389
	100.00%	98.90%	0.62%	0.29%	0.12%	0.06%

Note: percentages vary from 100% due to rounding.

The Monthly Trust Receipts & Disbursements Report includes the following.

1. GLWA Trust Receipts & Disbursements – Net Cash Flows and Receipts
2. DWSD Trust Receipts & Disbursements – Net Cash Flows and Receipts
3. Combined System Trust Receipts & Disbursements – Net Cash Flows

GLWA Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e., Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flows of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects eight months of activity to date.

Water fund receipts exceeded required disbursements by 6% through February 28, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2021.

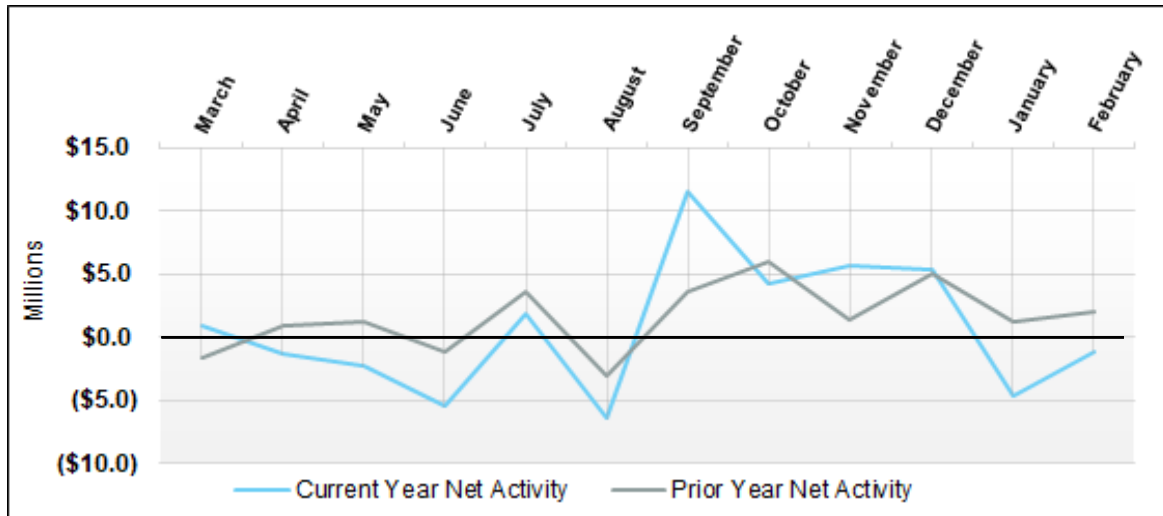
Sewer fund receipts exceeded required disbursements by 12% through February 28, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 7% since July 1, 2021.

Chart 1 – GLWA 12-Month Net Receipts – Water outlines monthly cash receipt trends across two points of reference for the regional water system—current year and prior years. The black line at zero highlights the minimum goal for net receipts.

Chart 2 – GLWA 12-Month Net Receipts – Sewer outlines monthly cash receipt trends across two points of reference for the regional sewer system—current year and prior years. The black line at zero highlights the minimum goal for net receipts.

Table 1 – GLWA Net Cash Flows from Trust Receipts & Disbursements

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Through February 28
Water					
1 Receipts	338,117,694	363,335,474	374,252,221	379,199,823	275,121,285
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	338,117,694	363,335,474	374,252,221	379,199,823	275,121,285
4 Disbursements	(316,495,360)	(349,186,375)	(353,639,121)	(367,467,244)	(258,662,992)
5 Receipts Net of Required Transfers	21,622,334	14,149,099	20,613,100	11,732,579	16,458,293
6 I&E Transfer	(26,622,862)	(9,898,100)	(28,618,500)	(8,289,600)	(14,822,401)
7 Net Receipts	(5,000,528)	4,250,999	(8,005,400)	3,442,979	1,635,892
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	107%	104%	106%	103%	106%
Sewer					
9 Receipts	471,979,297	498,888,416	506,731,576	508,344,972	365,799,255
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	471,979,297	498,888,416	506,731,576	508,344,972	365,799,255
12 Disbursements	(450,701,751)	(473,516,238)	(477,450,794)	(481,372,746)	(326,934,954)
13 Receipts Net of Required Transfers	21,277,546	25,372,178	29,280,782	26,972,226	38,864,301
14 I&E Transfer	(37,651,788)	(26,766,200)	(12,468,000)	(11,455,000)	(59,252,750)
15 DWSD Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment	8,296,578	-	-	-	-
17 Net Receipts	(8,077,664)	(1,394,022)	16,812,782	15,517,226	(20,388,449)
18 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	105%	105%	106%	106%	112%
Combined					
19 Receipts	810,096,991	862,223,890	880,983,797	887,544,795	640,920,541
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	810,096,991	862,223,890	880,983,797	887,544,795	640,920,541
22 Disbursements	(767,197,111)	(822,702,613)	(831,089,915)	(848,839,991)	(585,597,946)
23 Receipts Net of Required Transfers	42,899,880	39,521,277	49,893,882	38,704,805	55,322,595
24 I&E Transfer	(64,274,650)	(36,664,300)	(41,086,500)	(19,744,600)	(74,075,151)
25 Shortfall Advance	-	-	-	-	-
26 Shortfall Repayment	8,296,578	-	-	-	-
27 Net Receipts	(13,078,192)	2,856,977	8,807,382	18,960,205	(18,752,556)
28 <i>Ratio of Receipts to Required Disbursements (Line 21/Line 22)</i>	106%	105%	106%	105%	109%

Chart 1 – GLWA 12-Month Net Receipts – Water

Chart 2 – GLWA 12-Month Net Receipts – Sewer


DWSD Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e. Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

This report provides an ongoing status of the net cash flows of both organizations (GLWA and DWSD) to fund their allocated share of Master Bond Ordinance requirements in accordance with the leases for the regional systems.

Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects eight months of activity to date.

Water fund receipts exceeded required disbursements by 10% through February 28, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 7% since July 1, 2021.

Sewer fund receipts exceeded required disbursements by 5% through February 28, 2026 compared to the four-year historical average of required receipts exceeding disbursements by 3% since July 1, 2021.

Table 2 – DWSD Net Cash Flows from Trust Receipts & Disbursements

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Through February 28
Water					
1 Receipts	101,964,963	123,766,624	123,818,287	127,313,152	93,721,301
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	101,964,963	123,766,624	123,818,287	127,313,152	93,721,301
4 Disbursements	(94,495,601)	(117,666,100)	(117,290,591)	(119,923,334)	(85,173,500)
5 Receipts Net of Required Transfers	7,469,362	6,100,524	6,527,696	7,389,818	8,547,801
6 I&E Transfer	-	-	-	(8,000,000)	-
7 Net Receipts	7,469,362	6,100,524	6,527,696	(610,182)	8,547,801
8 <i>Ratio of Receipts to Required Disbursements (Line 3/Line 4)</i>	108%	105%	106%	106%	110%
Sewer					
9 Receipts	291,280,896	298,897,942	296,088,194	299,683,584	218,705,973
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	291,280,896	298,897,942	296,088,194	299,683,584	218,705,973
12 Disbursements	(285,256,000)	(283,095,100)	(288,119,517)	(299,393,959)	(208,136,180)
13 Receipts Net of Required Transfers	6,024,896	15,802,842	7,968,677	289,624	10,569,793
14 I&E Transfer	-	-	-	-	-
15 Shortfall Advance from GLWA	-	-	-	-	-
16 Net Receipts	6,024,896	15,802,842	7,968,677	289,624	10,569,793
17 <i>Ratio of Receipts to Required Disbursements (Line 11/Line 12)</i>	102%	106%	103%	100%	105%
Combined					
18 Receipts	393,245,859	422,664,566	419,906,481	426,996,735	312,427,274
19 MOU Adjustments	-	-	-	-	-
20 Adjusted Receipts	393,245,859	422,664,566	419,906,481	426,996,735	312,427,274
21 Disbursements	(379,751,601)	(400,761,200)	(405,410,108)	(419,317,293)	(293,309,680)
22 Receipts Net of Required Transfers	13,494,258	21,903,366	14,496,373	7,679,442	19,117,594
23 I&E Transfer	-	-	-	(8,000,000)	-
24 Shortfall Advance from GLWA	-	-	-	-	-
25 Net Receipts	13,494,258	21,903,366	14,496,373	(320,558)	19,117,594
26 <i>Ratio of Receipts to Required Disbursements (Line 20/Line 21)</i>	104%	105%	104%	102%	107%

Chart 3 – DWSD 12-Month Net Receipts – Water outlines monthly activity trends across two points of reference for the local water system—current year and prior year. The black line at zero highlights the breakeven goal for net receipts.

Chart 4 – DWSD 12-Month Net Receipts – Sewer outlines monthly activity trends across two points of reference for the local sewer system—current year and prior year. The black line at zero highlights the breakeven goal for net receipts.

Chart 3 – DWSD 12-Month Net Receipts – Water

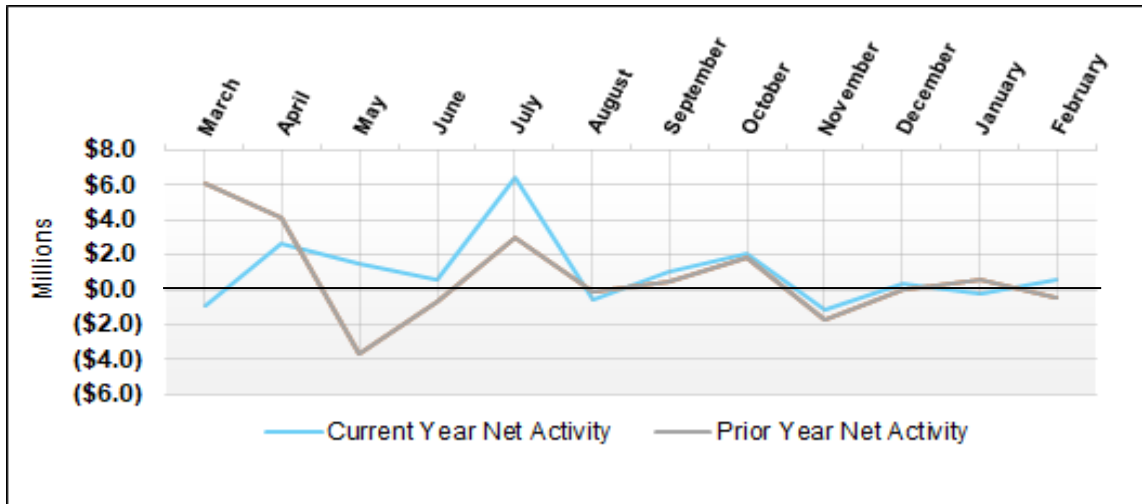
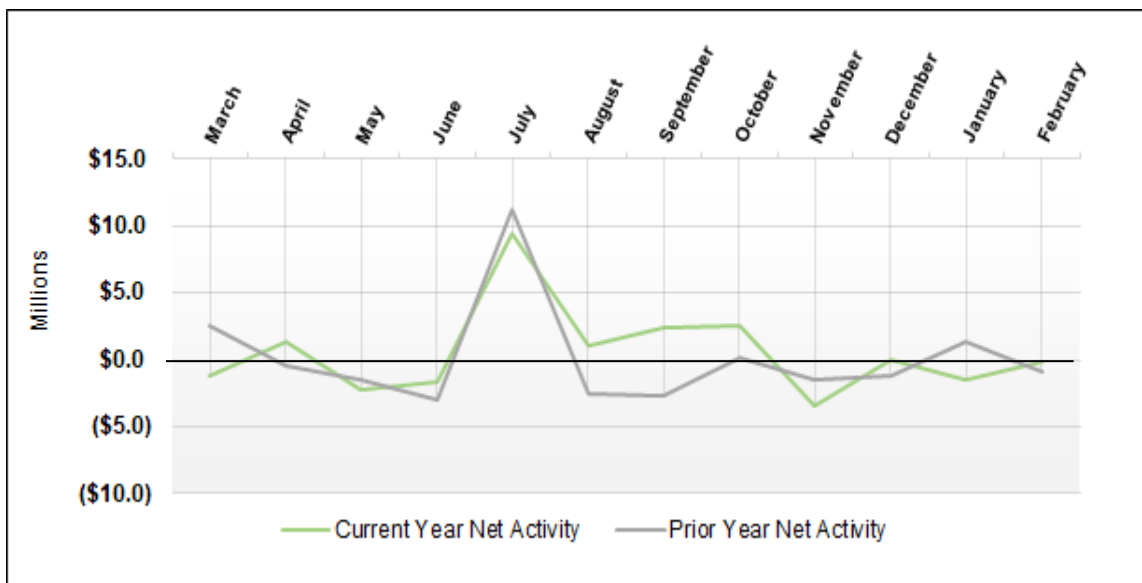


Chart 4 – DWSD 12-Month Net Receipts – Sewer



Combined System Trust Receipts & Disbursements

Net Cash Flows and Receipts Basis: The trusts established pursuant to the Master Bond Ordinance (MBO) outline a flow of funds that governs the priority of the application of cash receipts from both the regional wholesale (i.e., Great Lakes Water Authority or GLWA) and local retail (i.e. Detroit Water & Sewerage Department or DWSD) activities which are further separated by the water system and the sewage disposal system.

Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements provides a summary of cash receipt collections and required MBO transfers by fiscal year. Fiscal year 2026 reflects eight months of activity to date.

Water fund net receipts exceeded required disbursements by 7% through February 28, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 6% since July 1, 2021.

Sewer fund receipts exceeded required disbursements by 9% through February 28, 2026 compared to the four-year historical average ratio of required receipts exceeding disbursements by 5% since July 1, 2021.

Table 3 – Combined Net Cash Flows from Trust Receipts & Disbursements

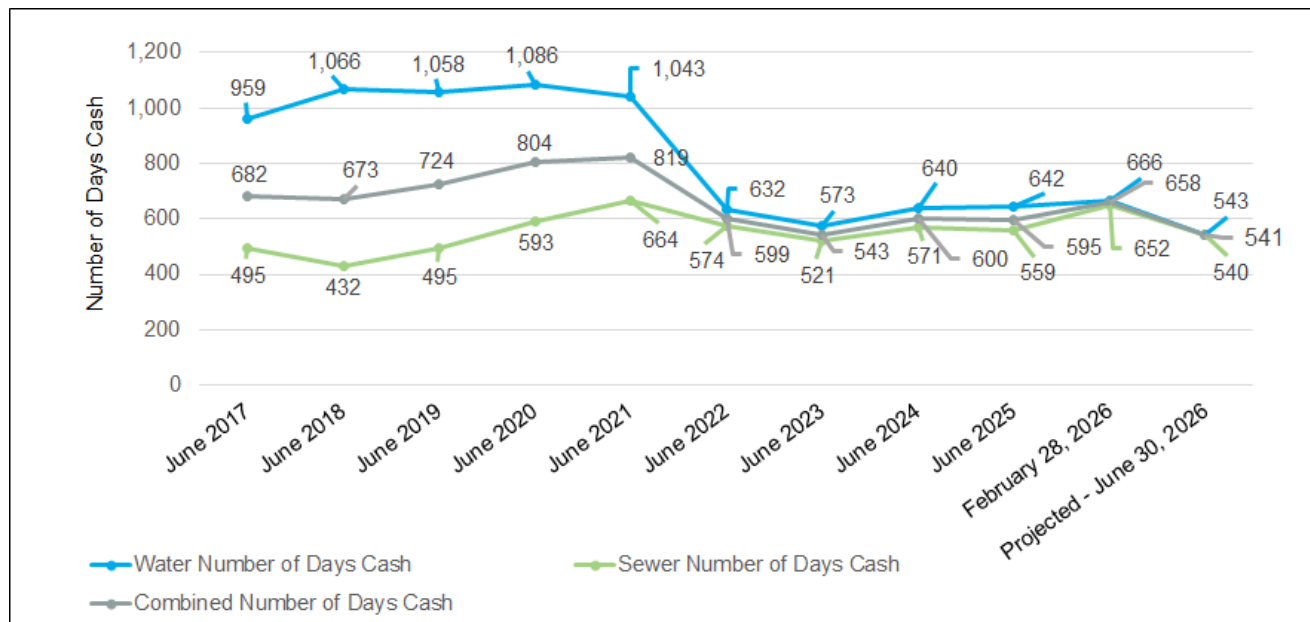
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Through February 28
Water					
1 Receipts	440,082,657	487,102,098	498,070,508	508,868,741	368,842,587
2 MOU Adjustments	-	-	-	-	-
3 Adjusted Receipts	440,082,657	487,102,098	498,070,508	508,868,741	368,842,587
4 Disbursements	(410,990,961)	(466,852,475)	(470,929,712)	(487,390,578)	(343,836,492)
5 Receipts Net of Required					
6 Transfers	29,091,696	20,249,623	27,140,796	21,478,162	25,006,095
7 I&E Transfer	(26,622,862)	(9,898,100)	(28,618,500)	(16,289,600)	(14,822,401)
8 Net Receipts	2,468,834	10,351,523	(1,477,704)	5,188,562	10,183,694
Ratio of Receipts to Required					
8 Disbursements (Line 3/Line 4)	107%	104%	106%	104%	107%
Sewer					
9 Receipts	763,260,193	797,785,358	802,819,770	808,374,074	584,505,228
10 MOU Adjustments	-	-	-	-	-
11 Adjusted Receipts	763,260,193	797,785,358	802,819,770	808,374,074	584,505,228
12 Disbursements	(735,957,751)	(756,611,338)	(765,570,311)	(780,766,706)	(535,071,134)
13 Receipts Net of Required					
13 Transfers	27,302,442	41,174,020	37,249,459	27,607,369	49,434,094
14 I&E Transfer	(37,651,788)	(26,766,200)	(12,468,000)	(11,455,000)	(59,252,750)
15 Shortfall Advance	-	-	-	-	-
16 Shortfall Repayment (principal)	8,296,578	-	-	-	-
17 Net Receipts	(2,052,768)	14,407,820	24,781,459	16,152,369	(9,818,656)
Ratio of Receipts to Required					
18 Disbursements (Line 11/Line 12)	104%	105%	105%	103%	109%
Combined					
19 Receipts	1,203,342,850	1,284,887,456	1,300,890,278	1,317,242,815	953,347,815
20 MOU Adjustments	-	-	-	-	-
21 Adjusted Receipts	1,203,342,850	1,284,887,456	1,300,890,278	1,317,242,815	953,347,815
22 Disbursements	(1,146,948,712)	(1,223,463,813)	(1,236,500,023)	(1,268,157,284)	(878,907,626)
23 Receipts Net of Required					
23 Transfers	56,394,138	61,423,643	64,390,255	49,085,531	74,440,189
24 I&E Transfer	(64,274,650)	(36,664,300)	(41,086,500)	(27,744,600)	(74,075,151)
25 Shortfall advance	-	-	-	-	-
26 Shortfall Repayment	8,296,578	-	-	-	-
27 Net Receipts	416,066	24,759,343	23,303,755	21,340,931	365,038
Ratio of Receipts to Required					
28 Disbursements (Line 21/Line 22)	105%	105%	105%	104%	108%

Financial Operations KPI - Liquidity

This key performance indicator shown in **Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System** and **Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System** below provides a measure of a utility’s ability to meet expenses, cope with emergencies and navigate business interruptions. Liquidity is one of several key metrics monitored by bond rating agencies reflecting an organization’s financial strength. The Authority’s current goal is to maintain cash on hand above 500 days moving up to 600 days. Having a strong days cash has been instrumental in reaching our current bond credit rating.

Both GLWA Water and Sewer funds continue to exceed this target with Water at 666 and Sewer at 652 days cash on hand as of February 28, 2026. These balances remain strong for the regional system but did decrease in FY 2022 as I&E funds were used as planned to fund capital improvement projects. December 2023 and June 2025 revenue bond transactions replenished the construction bond funds reducing the emphasis on I&E funding. The FY 2026 projection is calculated based on values from the GLWA FY 2026 – 2030 Budget & Five-Year Plan.

Chart 1 – Historical Schedule of Days Cash on Hand – Liquidity – Regional System



Note: The GLWA Annual Comprehensive Financial Reports are the source of all historic data referenced. Refer to these reports for detailed calculations by fiscal year.

Table 1 – Schedule of Days Cash on Hand – Liquidity – Regional System

	June 30, 2025	February 28, 2026	Projected June 30, 2026
Water Fund			
Cash and Investments - Unrestricted	306,425,000	342,237,000	278,800,000
Operating Expense			
Operating Expense (a)	274,020,000	195,517,000	293,276,000
Less: Depreciation (a)	(94,928,000)	(68,156,000)	(102,233,000)
Less: Amortization of Intangible Asset (a)	(4,951,000)	(2,378,000)	(3,567,000)
Net Operating Expense	174,142,000	124,984,000	187,476,000
Operating Expense per Day	477,000	514,000	514,000
Days Cash			
Number of Days Cash	642	666	543
Sewage Disposal Fund			
Cash and Investments - Unrestricted	349,076,000	424,363,000	351,600,000
Operating Expense			
Operating Expense (a)	377,359,000	259,701,000	389,552,000
Less: Depreciation (a)	(147,559,000)	(101,333,000)	(152,000,000)
Less: Amortization of Intangible Asset (a)	(1,824,000)	-	-
Net Operating Expense	227,976,000	158,368,000	237,552,000
Operating Expense per Day	625,000	651,000	651,000
Days Cash			
Number of Days Cash	559	652	540
Combined			
Cash and Investments - Unrestricted	655,501,000	766,600,000	630,400,000
Operating Expense			
Operating Expense (a)	651,379,000	455,219,000	682,828,000
Less: Depreciation (a)	(242,487,000)	(169,489,000)	(254,233,000)
Less: Amortization of Intangible Asset (a)	(6,774,000)	(2,378,000)	(3,567,000)
Net Operating Expense	402,118,000	283,352,000	425,028,000
Operating Expense per Day	1,102,000	1,164,000	1,164,000
Days Cash			
Number of Days Cash	595	658	541
<i>Totals may be off due to rounding</i>			

(a) Current year expenses are expressed as a proration of the annual budget for the purposes of this metric.



Financial Services Audit Committee Communication

Date: May 22, 2026

To: Great Lakes Water Authority Audit Committee

From: Alicia Schwartz, Grants Manager

Re: Grants, Gifts, and Other Resources Report Through April 30, 2026

Highlights: The Grants, Gifts, and Other Resources Report highlights changes from the prior report in yellow. Of note this month are the following project updates:

- ✓ **2024-009b FY 2024 Environmental Protection Agency Community Grant – Oakwood District Intercommunity Relief Sewer Modifications (CIP Project 222001)** - Received reimbursement request for \$959,752, moved grant to Close-Out Phase.
- ✓ **2024-005 Fiscal Year 2023 Building Resilient Infrastructure and Communities (BRIC) Project Scoping/Feasibility Study (design and engineering only – no construction)** - Federal government removed hold on project.
- ✓ **2023-005 Department of Energy – Hydrothermal Liquefaction** – Requested and received reimbursement request for \$73,879. Grant ended March 31, 2026 final close-out documents and reimbursement request due July 29, 2026.

Background: The Great Lakes Water Authority (GLWA) delegated authority to the Chief Executive Officer to oversee and report on activities identified in the GLWA Articles of Incorporation related to solicitation and receipt of grants, gifts, and other resources ⁽¹⁾ as stated in Article 4 – Powers, Section B (4):

(4) Solicit, receive, and accept gifts, grants, labor, loans, contributions of money, property, or other things of value, and other aid or payment from any federal, state, local, or intergovernmental government agency or from any other person or entity, public or private, upon terms and conditions acceptable

¹ Other resources as referenced above refer to labor, contributions of money, property, or other things of value from any other person or entity, public or private with the exception for loans, subject to provisions of the GLWA Board Debt Management Policy, and Intergovernmental agreements and other activities that are addressed in the GLWA Board Procurement Policy.

to the Authority, or participate in any other way in a federal, state, local, or intergovernmental government program ⁽²⁾.

GLWA's Grants, Gifts, and Other Resources Delegation Policy is online at [Grants, Gifts, and Other Resources Delegation Policy - GLWA \(glwater.org\)](http://www.glwater.org/Grants_Gifts_and_Other_Resources_Delegation_Policy).

Analysis: The tables in each section of this report present GLWA grant activity by each phase. As a grant moves through each phase, it is shown in the corresponding table.

Table 1- Pre-Award phase includes the process of applying for a grant and the period prior to the signing of the grant agreement between the awarding agency and GLWA.

Table 2 - Post-Award phase reflects the period after the agreement is executed with the awarding agency. In this phase, GLWA becomes responsible for meeting the administrative, financial, and programmatic reporting requirements of the award.

Table 3 - Close-Out phase is the final stage of grant activity and includes final reporting requirements, auditing, and closeout. There are final financial and programmatic reports that must be submitted to formally close out the grant as defined in each grant agreement.

Table 4 - Programs not awarded or programs that GLWA will not continue to pursue.

Proposed Action: Receive and file this report.

² Participation in any other way in a federal, state local, or intergovernmental government program includes participation in research projects at universities.



Financial Services Audit Committee Communication

Table 1 – Pre-Award Phase Programs reflects open submissions for FY 2024, FY 2025, and FY 2026 to date. The programs listed under this section do not have a grant agreement between the awarding agency and GLWA at this time, but an application has been submitted, or the funds have been identified in legislation (i.e. earmarks).

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2024-009	3/9/2024	FY 2024 Environmental Protection Agency Community Grant – Pump Station #2 Rack & Grit (CIP Project 211007)	Federal Grant (Reimbursement Basis)	\$719,814	Federal Audit Requirements	Earmark (20% Cost Share). Working with Project Manager to develop project workplan.
2026-001	2/2/2026	FY2026 EPA Community Grant - 7 Mile Sewer Rehabilitation (CIP Project 260206)	Federal Grant (Reimbursement Basis)	\$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Contract bidding process begins in July.
2026-002	2/2/2026	FY26 EPA Community Grant - Fox Creek Enclosure	Federal Grant (Reimbursement Basis)	\$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Working with Project Manager to identify costs in next phase.
2026-003	2/2/2026	FY26 EPA Community Grant - Freud & Conner Creek Pump Station Improvements (CIP Project 232005)	Federal Grant (Reimbursement Basis)	\$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Application in process.
2026-004	2/2/2026	FY26 EPA Community Grant - Northwest Interceptor to Oakwood CSO (CIP Project 222001)	Federal Grant (Reimbursement Basis)	\$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Application in process.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
2026-005	2/2/2026	FY26 EPA Community Grant - Downriver Loop Water Main Construction (CIP Project 122016)	Federal Grant (Reimbursement Basis)	\$1,092,000	Federal Audit Requirements	Earmark (20% Cost Share). Working to identify appropriate project.
2026-006	2/2/2026	FY26 EPA Community Grant - 54-Inch Water Main Renewal	Federal Grant (Reimbursement Basis)	\$1,000,000	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-008	3/31/2026	FY27 EPA Community Grant - 120-Inch Pipeline Renewals (CIP Project 170606)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-009	3/31/2026	FY27 EPA Community Grant - 42-Inch Water Main Replacement and Pipeline Renewal (CIP Project 170608)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-010	3/31/2026	FY27 EPA Community Grant - 7 Mile Sewer System Rehabilitation (CIP Project 122017)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-011	3/31/2026	FY27 EPA Community Grant - Central Post Beard Transmission Main Renewal Project (CIP Project 122024)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-012	3/31/2026	FY27 EPA Community Grant - Dearborn Transmission Main Condition Assessment & Renewals (CIP Project TBD)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-013	3/31/2026	FY27 EPA Community Grant - Freud & Conners Creek Pump Station Rehabilitation (CIP Project 232002/232005)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-014	3/31/2026	FY27 EPA Community Grant - Lake Huron Flocculation and Rapid	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Amount to be Provided	Compliance and/or Performance Requirements	Status
		Mix Rehabilitation (CIP Project 111012)				
2026-015	3/31/2026	FY27 EPA Community Grant - Long Term CSO Control Plan Phase 1 In-System Storage Devices (IDS) Project (CIP Project 270003)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-016	3/31/2026	FY27 EPA Community Grant - Oakwood District Intercommunity Relief Sewer Modification (CIP Project 222001)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.
2026-017	3/31/2026	FY27 EPA Community Grant - WRRF Utility Power Replacement for Electrical Feeds A and B (CIP Project 216013)	Federal Grant (Reimbursement Basis)	TBD	Federal Audit Requirements	Earmark (20% Cost Share). Gathering project information.

Table 2 - Post-Award Phase Programs reflect all open, awarded grants from FY 2021 through FY 2026 to date.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2023-003	06/03/2025	FY2023 Environmental Protection Agency Community Grant – PFAS Compounds remediations project	Federal Grant (Reimbursement Basis)	\$3,452,972	Federal Audit Requirements	Kick-off meeting held April 28, 2026
2023-005	3/28/2023	Department of Energy – Hydrothermal Liquefaction Project	Federal Grant (Reimbursement Basis)	\$1,000,000	Federal Audit Requirements	Requested and received reimbursement request for \$73,879. Total reimbursement of \$857,819 received through April 2026. Grant ended March 31, 2026, final close-out

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
						documents and reimbursement request due July 29, 2026.
2023-013	8/06/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 714729 Outfalls (CIP Project 260201)	Federal pass-through State (Reimbursement Basis)	\$247,650	Federal Audit Requirements	Reimbursement request of \$247,650 submitted in February 2024. Project closeout in progress.
2023-014	8/28/2023	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 664811 Conner Creek Sewer System (CIP Project 260204)	Federal pass-through State (Reimbursement Basis)	\$1,910,621	Federal Audit Requirements	Reimbursement request of \$1,910,621 submitted in February 2024. Project closeout in progress.
2023-015	10/3/2024	Federal Emergency Management Agency (FEMA), June 25-26 Flood, DR-4607 Project 670521 CAT-Z – Allocation of Management Costs	Federal pass-through State (Reimbursement Basis)	\$90,541	Federal Audit Requirements	Reimbursement request of \$90,541 submitted in November 2024. Project closeout in progress.
2023-019	3/3/2021	American Rescue Plan – State Revolving Fund (ARPA) Funded Project 7532-02 96 Inch Water Transmission Main Relocation Phase 2 EGLE (CIP Project 122004)	Federal pass-through State (Reimbursement Basis)	\$8,960,791	Federal Audit Requirements	Total reimbursement request received to date \$9.0M. SRF related grant, closeout to be completed with related SRF loan closeout.
2023-023	8/30/2023	I-94 Modernization Project (CIP Project 270001)	MDOT Federal pass-through State (Reimbursement Basis)	\$34,400,000	Federal Audit Requirements	Wade Trim has been selected as vendor. Kick-off meeting held 11/20/2025.
2024-005	12/15/2023	Fiscal Year 2023 Building Resilient Infrastructure and Communities (BRIC) Project Scoping/Feasibility Study (design and engineering only – no construction)	Federal pass-through State (Reimbursement Basis)	\$642,000	Federal Audit Requirements	\$642,000 Grant awarded January 2025 – project removed from Federal hold.
2024-011	7/10/2024	Southeast Michigan Flood Study	Federal (Cost Share)	\$0	Federal Audit Requirements	Cost Share Agreement – GLWA share \$1.5M.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
						\$457,645 of Cost Share work performed to date.
2024-014	6/7/2023	Focus Hope – Michigan Industry Cluster Approach (MICA 4.0)	Nonprofit (Reimbursement Basis)	\$43,000	None	\$17,000 received to date.
2025-001	2/25/2026	State and Local Cybersecurity Grant Program (SLCGP) - Cybersecurity Assessments	Federal Grant (Reimbursement Basis)	\$80,000	Federal Audit Requirements	Received notification of award 2/25/2026.
2025-004	5/1/2025	Scale-up of Hydrothermal Liquefaction with Supercritical Water Oxidation in an Integrated Biorefinery	Federal Grant (Cost Share)	\$0	Federal Audit Requirements	Cost Share Agreement – GLWA share \$250,000. \$11,467 of Cost Share work performed to date.
2025-005	9/6/2024	American Rescue Plan – State Revolving Funded Project 5840-01 Northwest Interceptor to Oakwood CSO Sewer (CIP Project 222001)	Federal pass-through State (Reimbursement Basis)	\$20,000,000	Federal Audit Requirements	Total reimbursement received \$20M. All grant related funds received, closeout to be completed with related SRF loan closeout.
2025-006	5/8/2025	Detroit Employment Solutions Corp (DESC) Apprentice Grant	Nonprofit (Reimbursement Basis)	Reimbursement of \$5,000 per apprentice	None	1st renewal signed October 2025, provides \$5,000 per apprentice. Total received to date \$105,000.
2025-007	8/22/2024	State Revolving Fund Clean Water Initiative/Strategic Water Quality Initiative 5980-01 West Chicago South Stormwater Improvements (DWSD Grant)	State or Federal pass-through (Reimbursement Basis)	\$14,011,908	Federal Audit Requirements	Received reimbursement of \$2.6M and completed transfer to DWSD. Total reimbursement received to date \$10.1M.
2025-008	6/3/2025	Federal Emergency Management Agency (FEMA) COVID-19 DR-4494 Project 953011 - CAT-Z – Allocation of Management Costs	Federal pass-through State (Reimbursement Basis)	\$100,398	Federal Audit Requirements	Reimbursement request of \$100,398 submitted June 2025. Project closeout in progress.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2025-009	8/27/2025	State Revolving Fund Drinking Water Initiative - Water Main Replacement & Lead Service Line Replacement (WS742) 7888-01 (DWSD Grant)	State or Federal pass-through (Reimbursement Basis)	\$2,949,704	State Audit Requirements	Received notification of award August 27, 2025.
2026-007	03/21/2026	EGL E Microplastics Grant Agreement	State or Federal pass-through (Reimbursement Basis)	\$160,000	State Audit Requirements	Received notification of award March 23, 2026

Table 3 – Close-Out Phase Programs have been completed. GLWA reimbursement has been received in full, and the programs are in the process of being closed out, including any closeout reporting requirements.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2024-009b	3/9/2024	FY 2024 Environmental Protection Agency Community Grant – Oakwood District Intercommunity Relief Sewer Modifications (CIP Project 222001)	Federal Grant (Reimbursement Basis)	\$959,752	Federal Audit Requirements	Received reimbursement request for \$959,752.

Table 4 – Programs not awarded or programs that GLWA will not continue to pursue.

Reference Number	Date Originally Awarded or Requested	Program Description	Type of Activity	Grant Amount	Compliance and/or Performance Requirements	Status
2025-002	12/19/2024	State and Local Cybersecurity Grant Program (SLCGP) - Cybersecurity Professional Training for IT/Security Staff	Federal Grant (Reimbursement Basis)	\$191,194	Federal Audit Requirements	Award not received.



Financial Services Audit Committee Communication

Date: May 22, 2026

To: Great Lakes Water Authority Audit Committee

From: Gerri Williams, Treasury Manager

Re: Quarterly Investment Report (Unaudited)

Background: As stated in section 14 of the Great Lakes Water Authority (GLWA) Investment Policy, quarterly reporting shall be presented to provide a clear picture of the status of the current GLWA investment portfolio. The attached report, prepared and presented by PFM Asset Management LLC, summarizes portfolio information through March 31, 2026 (unaudited).

Analysis: The Quarterly Investment Report complies with the requirements of Public Act 20 of 1948, as amended and the GLWA Investment Policy. GLWA is investing its funds in a diversified portfolio which includes bank deposits, money market funds, a local government investment pool (LGIP), U.S. Treasuries, Federal Agencies, and commercial paper. All securities in the portfolio comply with the GLWA investment policy. Key metrics are provided below with additional commentary in the attached report.

- Yield at Cost:
 - As of March 31, 2026: 3.71%
 - As of December 31, 2025: 3.79%

- Yield at Market:
 - As of March 31, 2026: 3.69%
 - As of December 31, 2025: 3.74%

- Portfolio Allocation in Cash/Money Market/LGIP Securities:
 - As of March 31, 2026: 48%
 - As of December 31, 2025: 56%

Investment income in each of the funds is identified as restricted or unrestricted as defined in the Master Bond Ordinance (MBO). Unrestricted investment income can be used to fund operations and is included in the revenue requirement calculations. Restricted investment income is held within the specific fund and can only be used for the fund's purpose as stipulated in the MBO.

The Treasury group continues to work with PFM Asset Management LLC to identify strategies to maximize investment returns while meeting the GLWA standards for safety and liquidity.

Proposed Action: Receive and file this report.

Great Lakes Water Authority

Investment Performance Report – March 2026



Table of Contents

I. Executive Summary

II. Investment Strategy

III. Summary Market Overview and Outlook

IV. Portfolio Snapshot

Overall Portfolio Composition Summary

Portfolio Mix

Investments - Account Purpose

Maturity Distribution

Yield at Cost and Market

Peer Analysis

US Treasury Yield Curve & Historical Averages

Investment Income by Month

Investment Income Year over Year

Monthly Investment Income Compared to Fed Funds Rate

Fed Dot Plot Outlook

Allocation and Income by Fund Type

Investments by Security Type

Investments by Credit Quality

V. Appendix

Economic Update

Executive Summary

PORTFOLIO RECAP

- **Safety** – The aggregate portfolio is diversified amongst cash, bank deposits, U.S. Treasuries, commercial paper, SEC-registered money market funds, and a local government investment pool. The total credit profile of the portfolio is strong with over 99% of the assets invested in bank deposits or securities that are rated within the two highest short and long-term rating classifications as established by Standard & Poor’s rating agency.
- **Liquidity** – Great Lakes Water Authority (“GLWA”) has continued to monitor its portfolio with the goal of limiting the allocation to cash and bank deposit accounts and maximizing the use of short-term investments to meet cash requirements. As of March 31, 2026, approximately 48% of the funds were held in cash and money market accounts maturing overnight. The percentage is lower than what has been seen in prior quarters.
- **Return** – The overall yield at market decreased to 3.69% as of March 31, 2026, versus 3.74% as of December 31, 2025. The lower yield is reflective of the Federal Reserve cutting interest rates and reducing borrowing costs in the beginning of fiscal year 2026. GLWA earned over \$38.0 million (unaudited) in investment income for the first nine months of fiscal year 2026 on a book value basis. Investment income includes earnings on all fund types, including restricted and unrestricted funds combined as well as construction and bond proceeds. It should be noted that investment income for GLWA for FY 2026 is projected to be less than what was seen in the previous fiscal year.
- **Year-end planning strategy** – The outcome of our approach will be dependent on the positive arbitrage that is earned on the bond proceeds funds and the rebate liability that may need to be paid back to the IRS.

AVAILABLE FUNDS (Unaudited)

Type	Book Value	Market Value	Yield @ Cost (as of 3/31/26)	Yield @ Market (as of 3/31/26)
Deposit Accounts	\$17,587,772	\$17,587,772	1.63%	1.63%
Trust Money Market Fund	\$327,186,051	\$327,186,051	3.54%	3.54%
Money Market Fund	\$6,711,348	\$6,711,348	3.55%	3.55%
Local Government Investment Pool	\$291,919,403	\$291,919,403	3.73%	3.73%
Managed Funds	\$695,226,519	\$694,962,676	3.84%	3.79%
<i>MARCH 2026 TOTALS:</i>	<i><u>\$1,338,631,094</u></i>	<i><u>\$1,338,367,251</u></i>	<i><u>3.71%</u></i>	<i><u>3.69%</u></i>
<i>PREVIOUS QUARTER TOTALS:</i>	<i><u>\$1,379,133,177</u></i>	<i><u>\$1,380,402,301</u></i>	<i><u>3.79%</u></i>	<i><u>3.74%</u></i>

Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Investment Strategy

OVERALL STRATEGY

- All investment activity is conducted subject to GLWA's investment policy and state statutes while meeting the primary objectives of safety and liquidity. The portfolio is managed to a disciplined investment plan to provide improved safety and diversification while putting every dollar to work.
- GLWA, working with its investment advisor PFM Asset Management ("PFMAM"), has continued to invest its funds in a mixture of short and intermediate-term individual investment securities to ensure adequate liquidity to cover upcoming debt, pension payments, and operational requirements.
- PFMAM will continue to actively manage long-term portfolios with full discretion and align short-term balances with expected liabilities and identify strategies to maximize future investment income in the current interest rate environment, subject to GLWA's investment policy and state statutes.

PORTFOLIO PERFORMANCE – CURRENT PERIOD*

- The overall portfolio's original yield at cost went from 3.79% as of 12/31/2025 to 3.71% as of 3/31/2026.
- The total portfolio had a market yield of 3.69% at the end of March, compared to 3.74% as of December 31, 2025. Yield at market represents what the market would provide in return if the portfolio was purchased on March 31, 2026 (versus purchased in prior months / years); the lower yield is a result of the expectation of Fed policy to cut overnight rates in the future.
 - We utilize a variety of investment sectors, and because of that, this 3.69% yield at market as of 3/31/2026 is lower than in the prior quarter due to the decrease in overnight and short-term yields.

PORTFOLIO PERFORMANCE – PROJECTIONS

- GLWA earned over \$38.0 million (unaudited) in investment interest income for fiscal year-to-date 2026 (as of March 31, 2026) on a book value basis.
- The fiscal year 2026 period earnings are expected to be slightly lower than the 2025 fiscal year earnings, as expectations are for lower interest income for the entire 2026 fiscal year mainly due to the expectation of the Federal Reserve moving monetary policy to a neutral level.

** Yield at cost is based on the original cost of the individual investments from the purchase date to maturity. On the other hand, yield at market is calculated on a specific day (in this case, December 31, 2025) and assumes that all the securities in the portfolio are purchased given the market price/yield on that particular day. If one is to generally hold their investments to the stated maturity date, then the yield at cost would be the better number to use to gauge how the portfolio is performing.*

Summary Market Overview and Outlook

ECONOMIC HIGHLIGHTS UPDATE

- Geopolitics dominated markets in March amid the escalating Middle East conflict and near-closure of the Strait of Hormuz, a critical energy checkpoint which handles roughly 20% of global seaborne oil trade. Brent crude ended March at \$118 per barrel, up more than 60% for the month. Volatility also spiked across energy, fixed-income, and global equity markets.
- The initial market reaction focused on the potential inflationary impact of higher energy prices. While still too early to assess the full economic impact, sustained energy cost pressures could weigh on consumer sentiment and discretionary spending if the conflict persists.
- The Federal Open Market Committee (“Fed” or “FOMC”) met in March and held the target rate unchanged at 3.50% – 3.75% as expected. Policymakers acknowledged heightened uncertainty stemming from the conflict and communicated a patient, data-dependent approach. The “dot plot” showed several individual projections shifting toward fewer or no rate cuts, though the median expectation remained for one additional 25 basis point cut in 2026.
- Market expectations for Fed policy fluctuated wildly in March. The month began with markets pricing in two or three cuts in 2026 but ended the month pushing the next expected rate cut into 2027. Fed Chair Jerome Powell’s measured “wait and see” commentary tempered these hawkish expectations, leaving the market priced for a prolonged hold.
- While too early to reflect the cascading impact of higher oil prices, consumer price inflation data for February was broadly in line with recent readings. Notably, producer prices jumped significantly more than expected, rising by 0.7% month-over-month and highlighting renewed upstream price pressures.
- The labor market showed renewed resilience in March with payrolls rebounding after contracting in February. Other labor indicators such as initial jobless claims held near historically low levels and continuing claims declined. The jobless rate edged down to 4.3%, reinforcing the persistence of a “low-hire, low-fire” environment. However, elevated energy prices pose potential risks to hiring momentum ahead.

ECONOMIC IMPACT ON PORTFOLIO

- U.S. Treasury yields increased and the yield curve steepened as investors repriced their Fed policy outlook driven by geopolitical turmoil and renewed inflation concerns. The yield on 3-month, 2-year, and 1-year U.S. Treasuries ended March at 3.67%, 3.79%, and 4.32%, respectively.
- Longer duration bond indices bore the brunt of rising yields as higher rates pressured market values.
- Portfolio Impact: While future Fed policy remains uncertain amid the ongoing conflict, the market vies the meaningful rise in interest rates and the steeper curve as an opportunity, particularly for strategies inside five years. As a result, we will look to target portfolio durations at 101% to 105% of benchmarks. Spreads on Federal Agencies remain narrow, although callable spreads have widened modestly due to increased market volatility. New supply is expected to be focused on the money market space and likely to remain limited beyond one year. Credit spreads on the short end of the curve widened significantly over the past month. In response to geopolitical tensions, heightened issuance, and concerns over private debt capital, credit spreads widened noticeably. Maturities in the 9 – 12-month range offer attractive all-in yields, particularly for investors anticipating the next Federal Reserve policy move will be a rate cut.

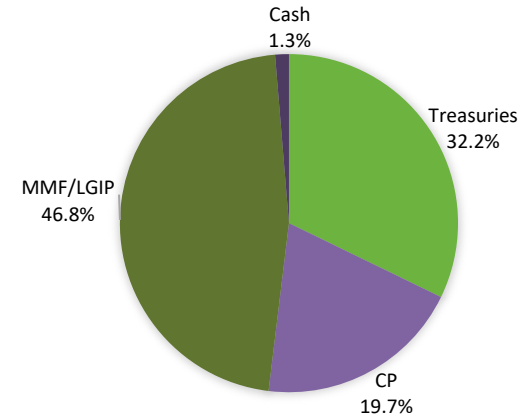
Portfolio Snapshot

Overall Portfolio Composition Summary

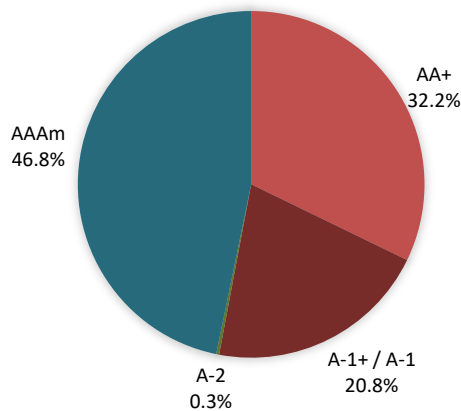
PORTFOLIO STATISTICS

Invested Amount	\$1.338 Billion
Duration	0.33 Years
Yield at Cost	3.71%
Yield at Market	3.69%

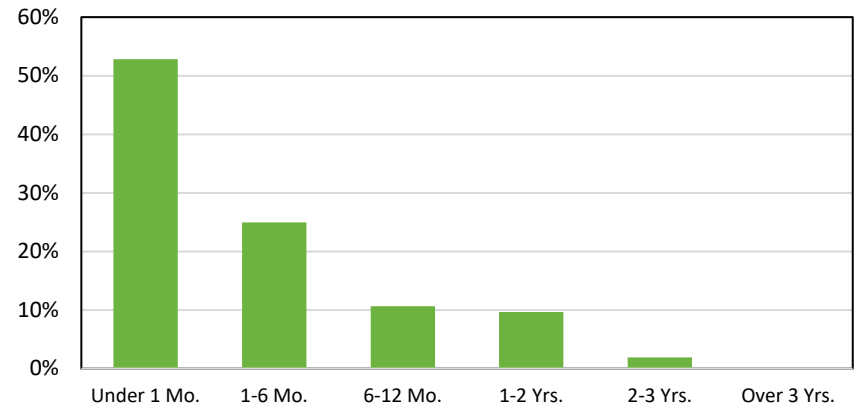
SECTOR ALLOCATION



CREDIT QUALITY



MATURITY DISTRIBUTION

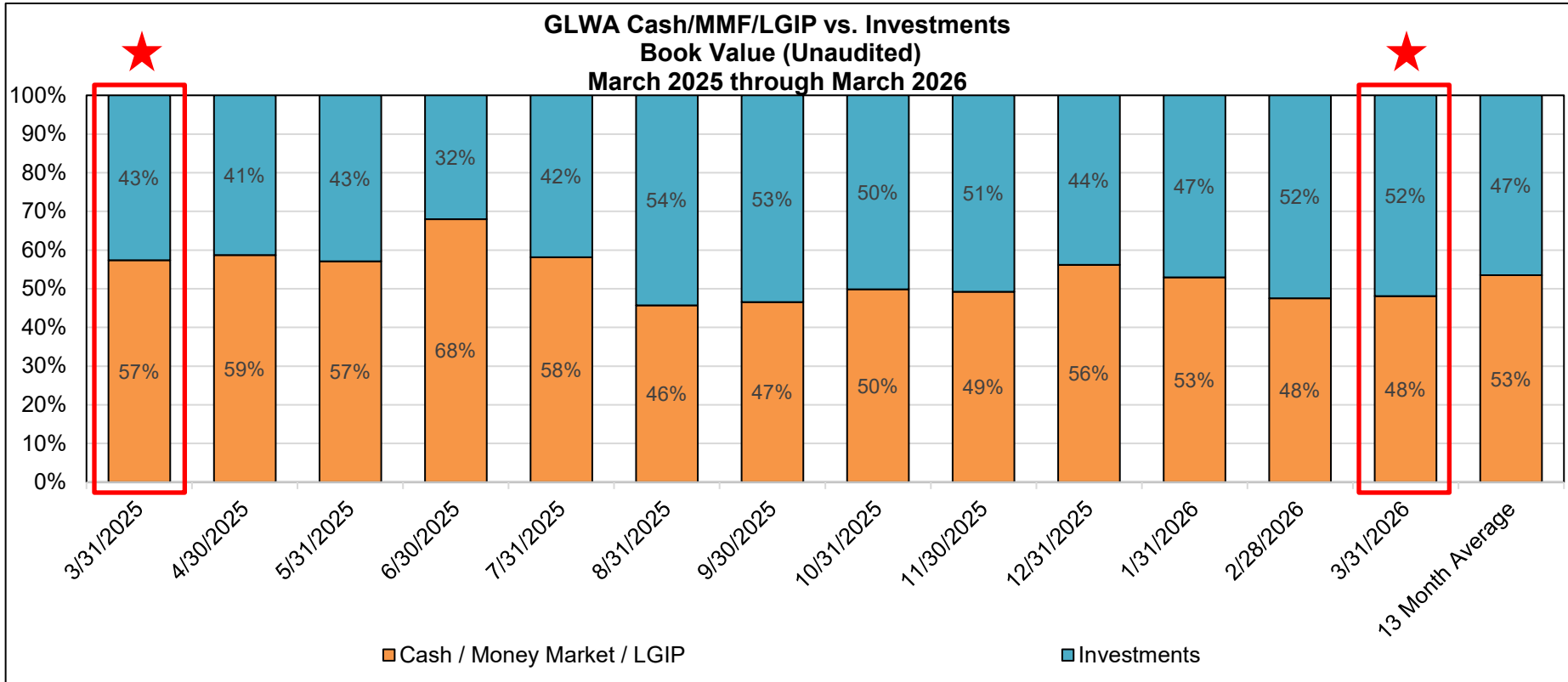


Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Portfolio Mix – Cash / Money Market vs. Investments

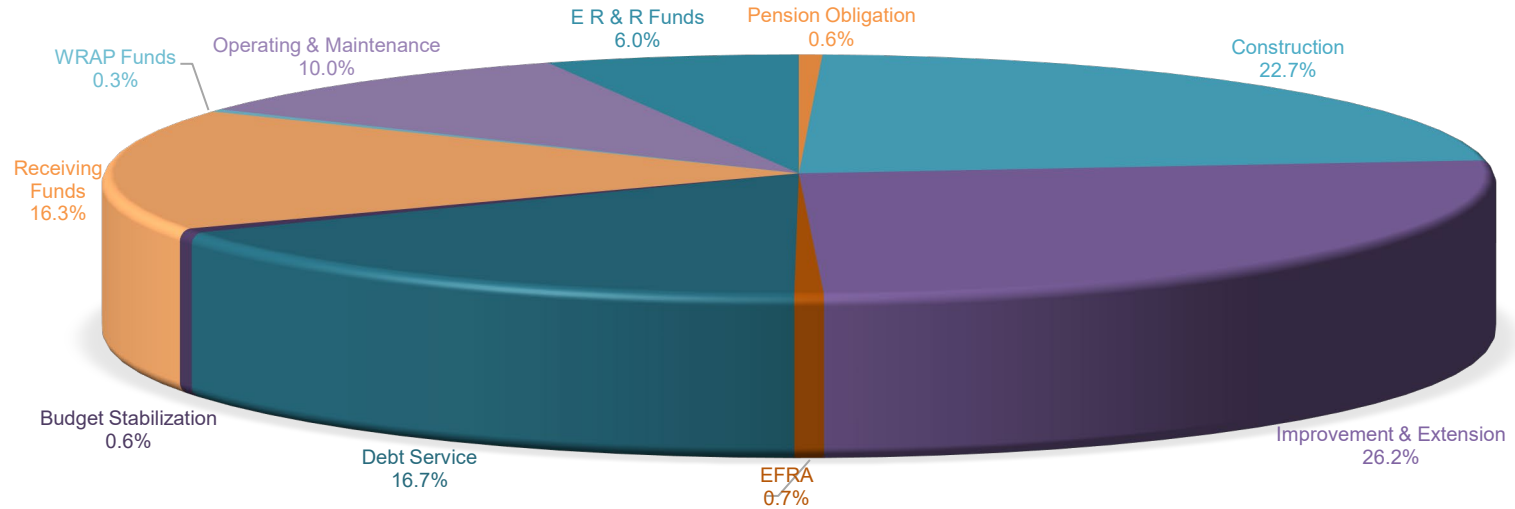
- GLWA’s liquidity requirements fluctuate each month based on operational requirements, capital funding, and debt payments. Based on a review of historical activity and refinement of cash flow projections, GLWA has continually tried to balance the allocation of the portfolio’s holdings to cash & money market accounts versus the allocation to investments for the portfolio holdings.
- The chart below compares the monthly allocation of the portfolio holdings to the 13-month average. The allocation between cash and investments will vary each month based on liquidity requirements. For March of 2026, about 48% of the overall portfolio was invested in cash, LGIP, and/or overnight money market fund accounts. This is slightly lower than the level seen in previous months and is reflective of the neutral monetary policy by the Fed.



Accounts like the Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Investments – By Account Purpose



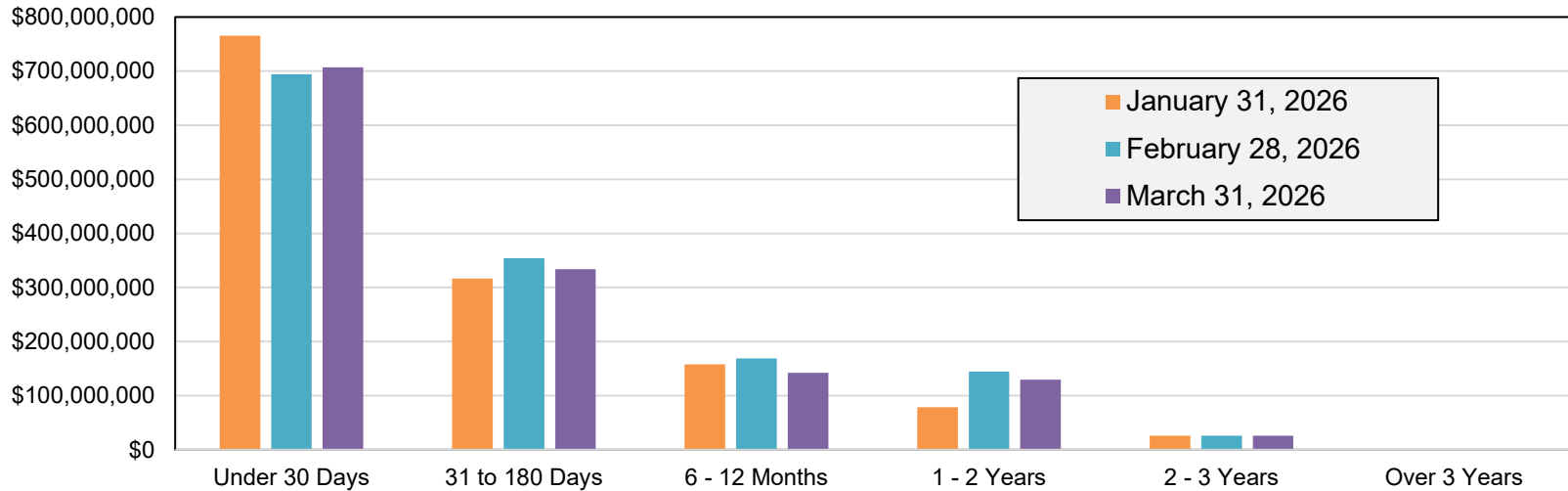
Account Purpose	Market Value	Allocation %	Cost Yield at	Market Yield at	Duration	Strategy
Improvement & Extension	\$ 350,284,996	26.2%	3.63%	3.71%	0.619 Years	Cash Flow Driven
Construction Bond Funds	\$ 303,844,682	22.7%	3.89%	3.72%	0.121 Years	Cash Flow Driven
Debt Service	\$ 223,219,175	16.7%	3.78%	3.85%	0.316 Years	Short-Term
Receiving Funds (includes lockbox account)	\$ 218,704,289	16.3%	3.53%	3.53%	0.003 Years	Short-Term
Operating & Maintenance	\$ 133,893,420	10.0%	3.55%	3.55%	0.003 Years	Short-Term
Extraordinary Repair & Replacement Funds	\$ 79,911,968	6.0%	4.08%	3.79%	1.271 Years	Long-Term
Evergreen Farmington Regional Account	\$ 9,073,380	0.7%	2.45%	2.45%	0.003 Years	Short-Term
Budget Stabilization Funds	\$ 7,577,942	0.6%	4.09%	3.78%	1.119 Years	Long-Term
Pension Obligation Funds	\$ 7,373,169	0.6%	3.77%	3.80%	0.156 Years	Short-Term
WRAP Funds	\$ 4,484,231	0.3%	3.54%	3.54%	0.003 Years	Short-Term
Total	\$ 1,338,367,251	100.0%	3.71%	3.69%	0.326 Years	

Accounts like Retainage accounts which are not owned by GLWA are not included in this report.

Portfolio Snapshot

Investments – By Maturity

Maturity Distribution	January 31, 2026		February 28, 2026		March 31, 2026	
	\$	%	\$	%	\$	%
Under 30 Days	\$ 765,367,407	56.9%	\$ 694,532,652	50.0%	\$ 706,796,601	52.8%
31 to 180 Days	316,285,687	23.5%	354,146,164	25.5%	333,938,664	25.0%
6 - 12 Months	158,136,215	11.8%	168,975,654	12.2%	142,472,316	10.6%
1 - 2 Years	78,906,601	5.9%	144,494,104	10.4%	129,380,726	9.7%
2 - 3 Years	25,840,328	1.9%	25,994,063	1.9%	25,778,945	1.9%
Over 3 Years	-	0.0%	-	0.0%	-	0.0%
Totals	\$ 1,344,536,238	100.0%	\$ 1,388,142,636	100.0%	\$ 1,338,367,251	100.0%



Portfolio Snapshot

Investment Accounts – Yield at Cost & Market

	As of March 31, 2026		As of December 31, 2025	
	YTM @ Cost	YTM @ Market	YTM @ Cost	YTM @ Market
Bank Deposits				
Bank A	0.01%	0.01%	0.01%	0.01%
Bank C	2.07%	2.07%	2.15%	2.15%
Sub-Total Bank Deposits	1.63%	1.63%	1.69%	1.69%
Money Market Funds / LGIPs				
Local Government Investment Pool	3.73%	3.73%	3.86%	3.86%
Trust Money Market Fund	3.54%	3.54%	3.63%	3.63%
Money Market Fund	3.55%	3.55%	3.65%	3.65%
Sub-Total MMF / LGIPs	3.63%	3.63%	3.74%	3.74%
Investment Portfolios				
Sewage - Construction Bond 2023	0.00%	0.00%	4.30%	4.10%
Sewage SR Debt Serv 5403	3.80%	3.84%	3.86%	3.79%
Sew 2nd Debt Serv 5403	3.77%	3.87%	3.83%	3.80%
Sew SRF Debt Serv 5410	3.69%	3.88%	3.96%	4.13%
Sewage ER & R	4.07%	3.79%	4.15%	3.63%
Sewer Improvement & Extension	3.64%	3.78%	3.73%	3.80%
Sewer Pension Obligation	3.73%	3.81%	4.00%	4.27%
Sewer Budget Stabilization Fund	4.10%	3.79%	4.25%	3.68%
Sewer Bond Fund Series 2025	4.24%	3.64%	4.21%	4.01%
Water SR Debt Ser 5503	3.79%	3.85%	3.85%	3.80%
Water 2nd Debt Serv 5503	3.76%	3.86%	3.82%	3.79%
Water SRF Debt Serv 5575	3.67%	3.86%	3.94%	4.11%
Water ER & R	4.10%	3.79%	4.16%	3.62%
Water Improvement & Extension	3.70%	3.78%	3.74%	3.77%
Water Pension Obligation	3.84%	3.81%	4.04%	4.20%
Water Budget Stabilization Fund	4.09%	3.79%	4.24%	3.68%
Water Bond Fund Series 2025	4.12%	3.73%	4.17%	3.95%
Sub-Total Investment Portfolios	3.84%	3.79%	3.91%	3.81%
Grand Total	3.71%	3.69%	3.79%	3.74%

YTM @ Cost is the expected return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis. YTM @ Market is the rate of return, based on the current market value, the annual interest receipts, maturity value and time period remaining until maturity, stated as a percentage, on an annualized basis.

Portfolio Snapshot

Peer Analysis Comparison

- The comparison agencies included in the list below were selected based on type and/or other non-performance-based criteria to show a broad range of water entities/utilities; this peer group list does not represent an endorsement of any of the public agencies or their services.
- The overall yield of GLWA's aggregate portfolio compares somewhat similarly to those of other short-term market indices (i.e., the S&P LGIP index and the 3-month U.S. Treasury index), despite the volatility of short-term interest rates and the limited ability in managing assets to a longer-term strategy.
- GLWA does have some limitations and unique constraints related to its ordinance and covenants that restricts the potential for a longer duration portfolio when compared to other similar water agencies.

As of March 31, 2026

	Market Value	YTM @ Market	Effective Duration	Weighted Average Maturity
GLWA				
Great Lakes Water Authority	\$1,338,367,251	3.69%	0.33 Years	119 Days
Short/Intermediate-Term Indices				
S&P Rated Government Investment Pool Index		3.67%	0.08 Years	30 Days
BoA / ML 3-Month Treasury Index		3.71%	0.15 Years	55 Days
BoA / ML 6-Month Treasury Index		3.70%	0.40 Years	146 Days
BoA / ML 1-Year Treasury Index		3.75%	0.88 Years	321 Days
BoA / ML 1-3 Year Treasury Index		3.81%	1.76 Years	642 Days
BoA / ML 1-5 Year Treasury Index		3.84%	2.47 Years	902 Days
Peer Analysis (Water Entities / Utilities)				
District of Columbia Water & Sewer Authority, DC	\$360,261,256	3.80%	1.07 Years	431 Days
DuPage Water Commission, IL	\$218,057,455	3.98%	1.61 Years	783 Days
Fairfax County Water Authority, VA	\$247,386,886	3.86%	1.85 Years	731 Days
Metro Wastewater Reclamation District, CO	\$170,629,909	3.93%	2.54 Years	1,019 Days
Metropolitan Water District of Southern California, CA	\$1,026,779,725	4.00%	1.71 Years	792 Days
Philadelphia Water Department, PA	\$278,119,557	3.87%	0.95 Years	362 Days
San Bernardino Valley Municipal Water District, CA	\$381,757,843	3.95%	1.73 Years	693 Days
Tohopekaliga Water Authority, FL	\$156,194,317	4.05%	1.79 Years	887 Days
Truckee Meadows Water Authority, NV	\$30,134,314	3.83%	2.07 Years	820 Days

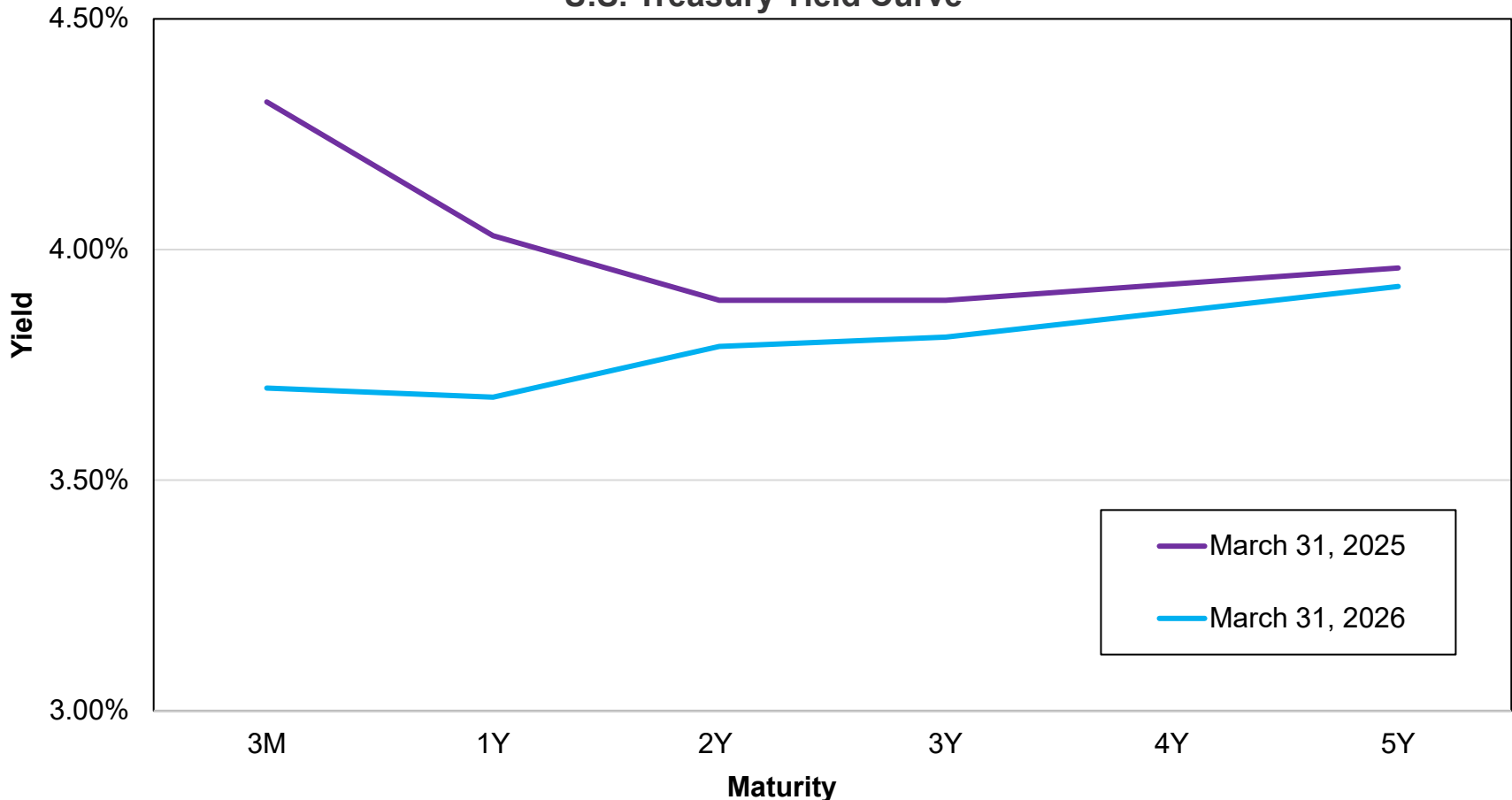
The BoA / ML indexes are unmanaged indexes tracking on-the-run Treasuries. These indexes are produced and maintained by Bank of America / Merrill Lynch & Co. Yield to maturity is the rate of return, based on the current market value, the annual interest receipts, maturity value and time period remaining until maturity, stated as a percentage, on an annualized basis.

Portfolio Snapshot - Market Overview and Outlook

Overnight U.S. Treasury Yields Lower

- U.S. Treasury yields were volatile in the last quarter. Yields initially declined through the first two months as soft economic data and improving inflation data increased consensus that the Federal Reserve would cut rates sooner than expected. The trend reversed quickly in March following the conflict in Iran, which changed market expectations that higher energy price inflation could delay Federal Reserve easing. As a result, yields rose across the curve, and long maturity Treasuries experienced significant price declines.

U.S. Treasury Yield Curve



Portfolio Snapshot

Monthly Investment Income

(Book Value in 000's)

FY 2026 INVESTMENT INCOME BY MONTH (Unaudited)

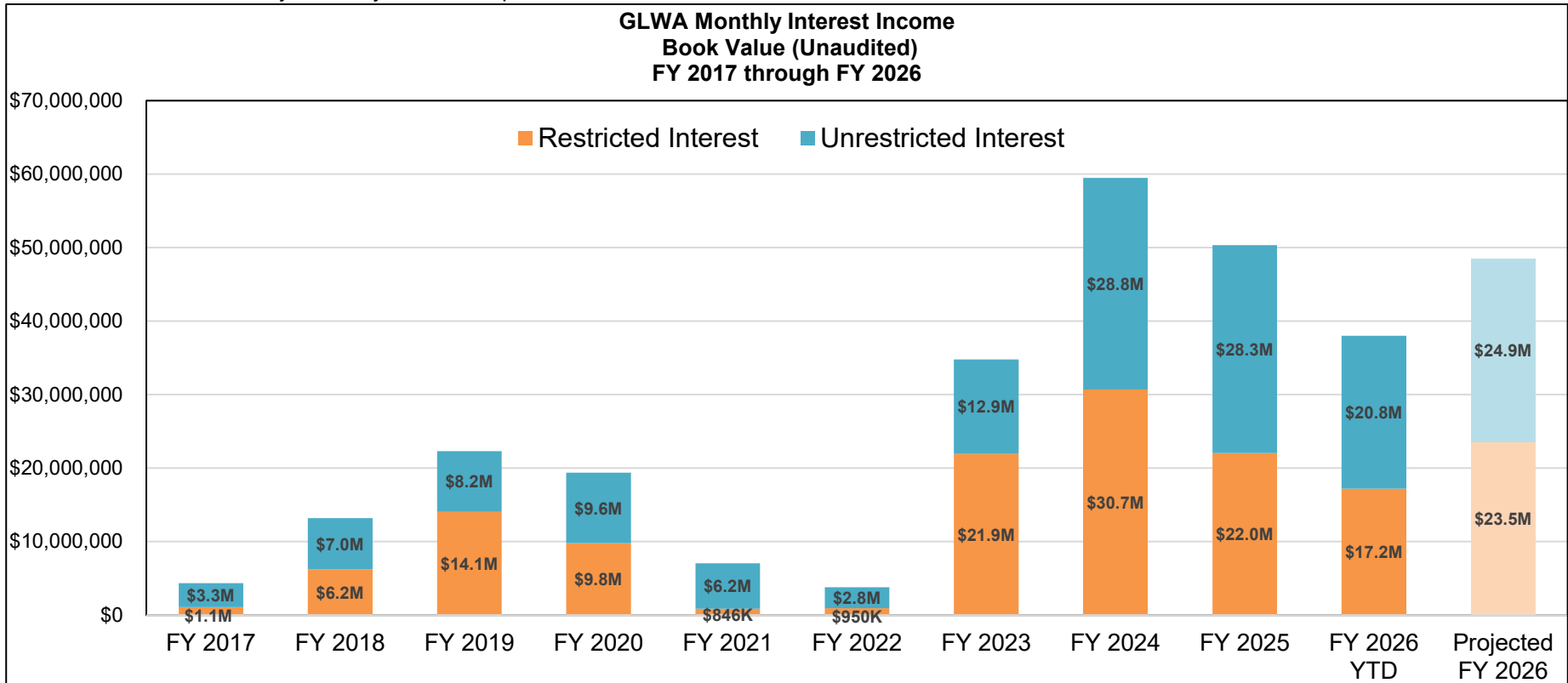
Month	Interest Earned During Period <i>(in thousands)</i>	Realized Gain / Loss <i>(in thousands)</i>	Investment Income <i>(in thousands)</i>
July 2025	\$4,277.5	\$0.0	\$4,277.5
August 2025	\$4,476.1	\$0.0	\$4,476.1
September 2025	\$4,330.4	\$0.0	\$4,330.4
October 2025	\$4,333.0	\$0.0	\$4,333.0
November 2025	\$4,177.7	\$0.0	\$4,177.7
December 2025	\$4,318.1	\$0.0	\$4,318.1
January 2026	\$4,059.8	\$0.0	\$4,059.8
February 2026	\$3,929.0	\$0.0	\$3,929.0
March 2026	\$4,122.1	\$0.0	\$4,122.1
<u>FY 2026 Y-T-D</u>	<u>\$38,023.6</u>	<u>\$0.0</u>	<u>\$38,023.6</u>

These figures are based upon actual interest earned and posted to the Authority's various accounts via book value and does not include any earnings credit rate tied to the Authority's bank deposits.

Portfolio Snapshot

Year-Over-Year Investment Income

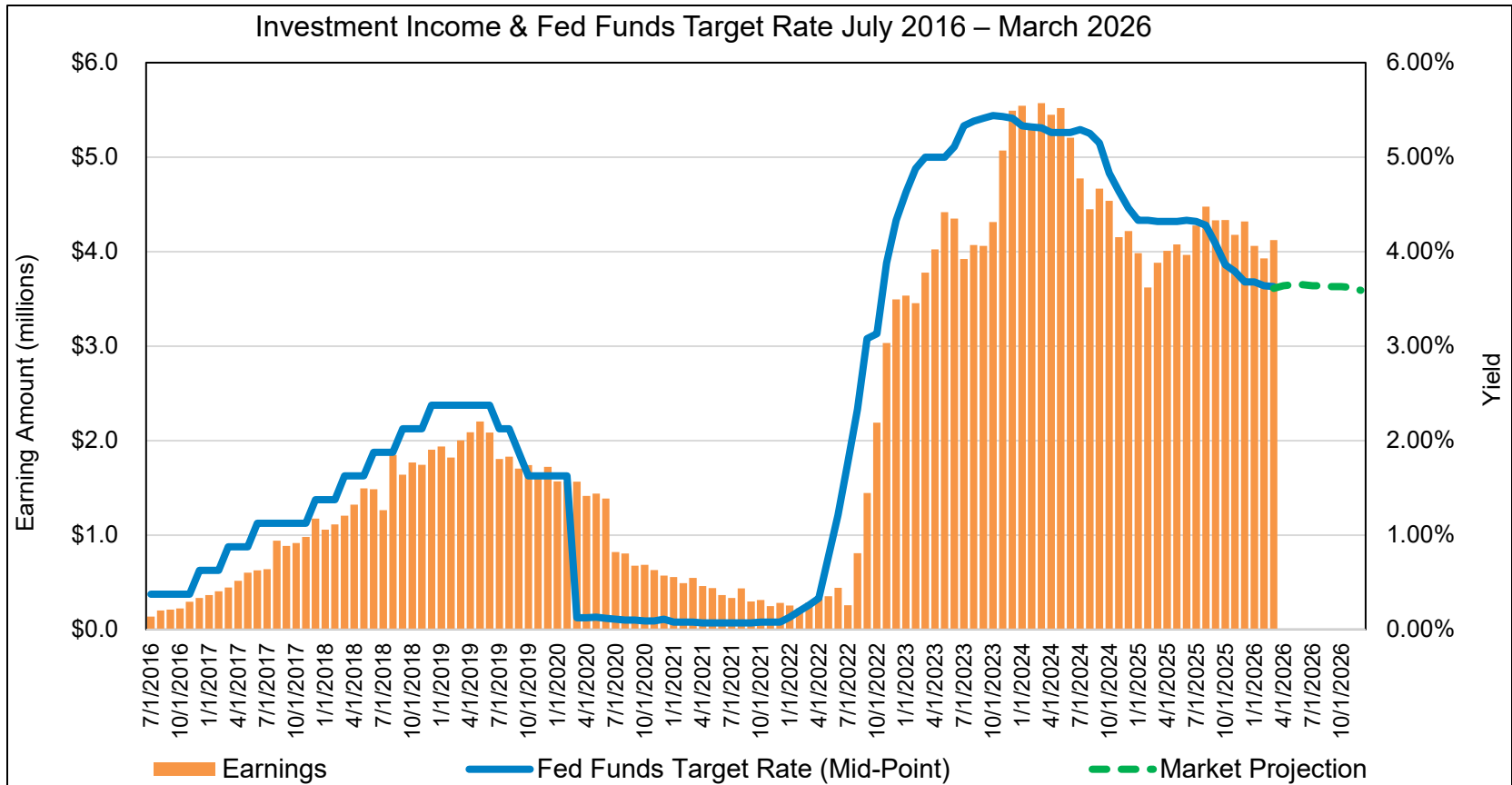
- GLWA earned \$38,023,615 in investment income for the first nine months of fiscal year 2026 on a book value basis compared to \$38,282,704 for the first nine months of fiscal year 2025.
- Based on current market assumptions, projected total investment income for fiscal year 2026 is forecasted to be somewhat in line with what was earned in FY 2025 (for both restricted fund income and unrestricted fund income combined) as the market expects the Federal Reserve to remain on hold over the next several months.
- Year-end planning strategy – The outcome of our approach will be dependent on the positive arbitrage that is earned on the bond proceeds funds and the rebate liability that may need to be paid back to the IRS.



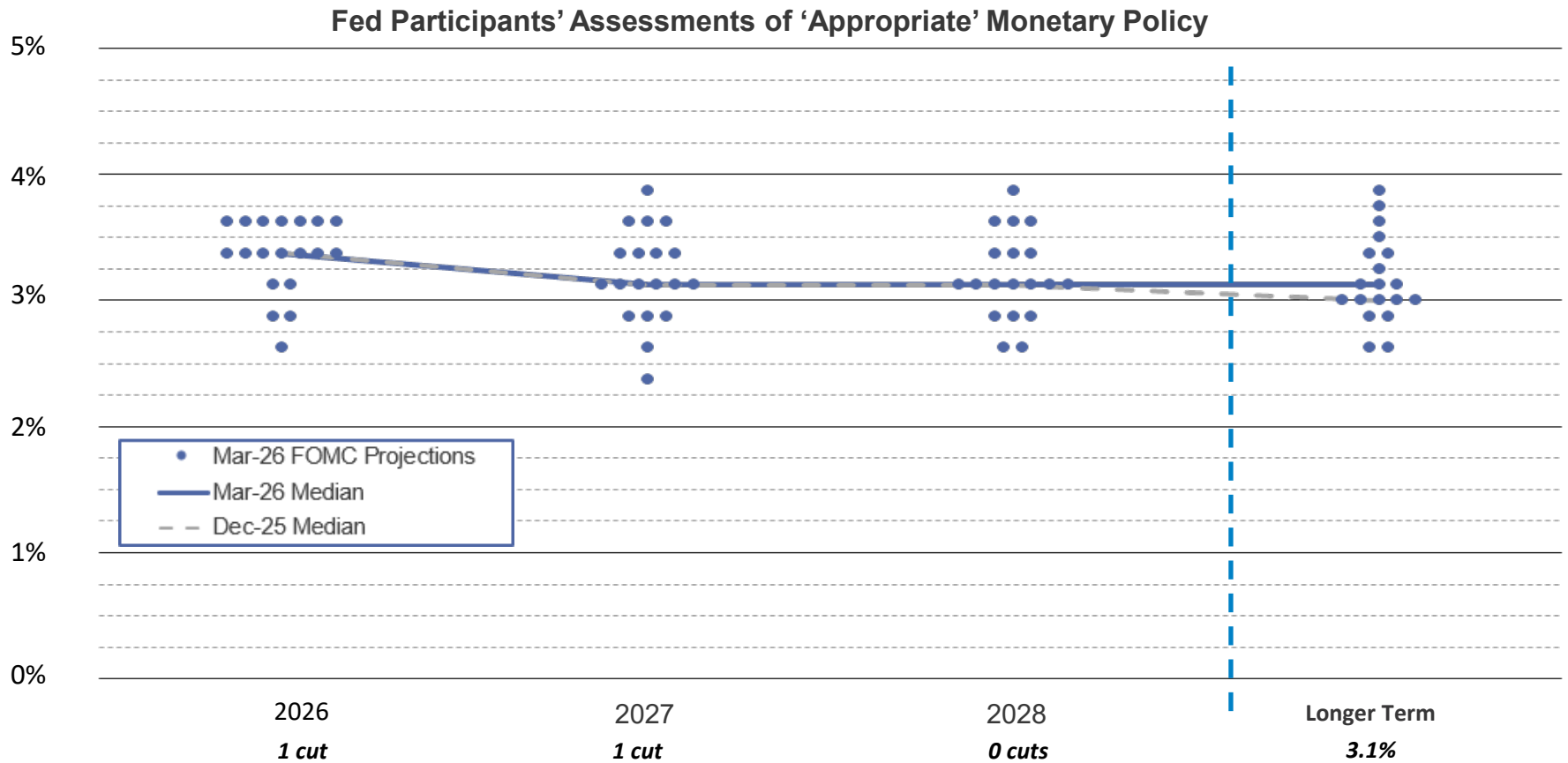
Portfolio Snapshot

Monthly Investment Income Compared to Fed Funds Rate

- At least 50% of the GLWA portfolio is designated for obligations that are 12 months or less. As a result of the short-term duration of GLWA’s portfolio, it is heavily impacted by changes in the Fed Funds rate; the chart below shows that GLWA’s income has consistently followed the trend of the Fed Funds rate.
- The Federal Reserve held rates steady in the last quarter amid persistent inflation pressures and limited net job creation. The “dot plot” projects one 25 basis point rate cut in both 2026 and 2027; however, this is predicated on inflation progress. Nevertheless, the outlook has become more uncertain as geopolitical developments add complexity to the inflation path. The markets will continue to assess the likelihood of additional Fed policy action in the months ahead.



The March Fed “Dot Plot”

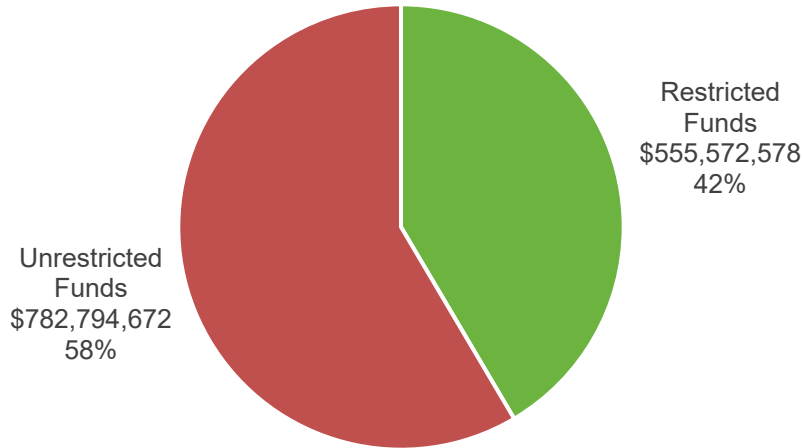


Source: : FOMC Chair Jerome Powell Press Conference, March 18, 2026. Federal Reserve; Bloomberg Finance L.P.. Individual dots represent each Fed members’ judgement of the midpoint of the appropriate target range for the Federal Funds rate at each year-end. As of March 2026.

Portfolio Snapshot

Allocation and Income by Fund Type

Bank Balance as of March 31, 2026



July 2025 – March 2026 Interest Earnings



Restricted Principal and Restricted Interest
Construction Bond Funds
Debt Reserves
Debt Service
Evergreen Farmington Regional Account

Unrestricted Principal Unrestricted Interest
Extraordinary Repair & Replacement Funds
Improvement & Extension
Operating & Maintenance
Receiving Funds (includes lockbox account)

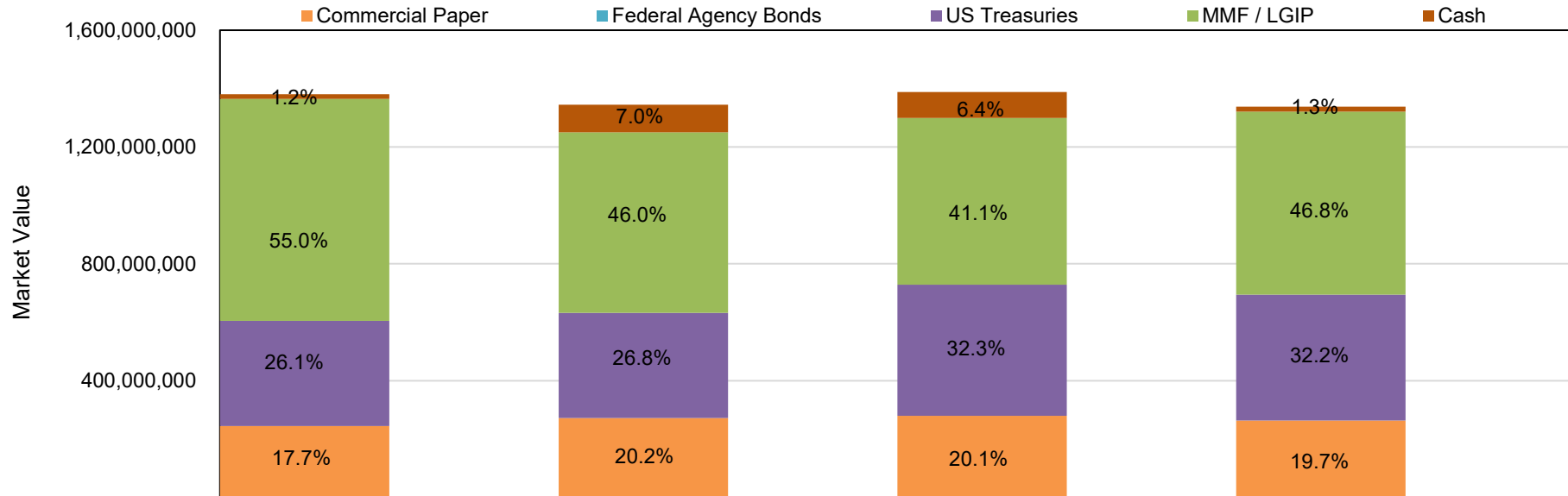
Restricted Principal Unrestricted Interest
Budget Stabilization Funds
Pension Obligation Funds
WRAP Funds

Note: Interest is sent to the Receiving Funds and can be used for operations

Note: Interest in I&E accounts is sent to the Receiving Funds and can be used for operations; DWSD's portion of the Receiving Funds is restricted and held in trust.

Portfolio Snapshot

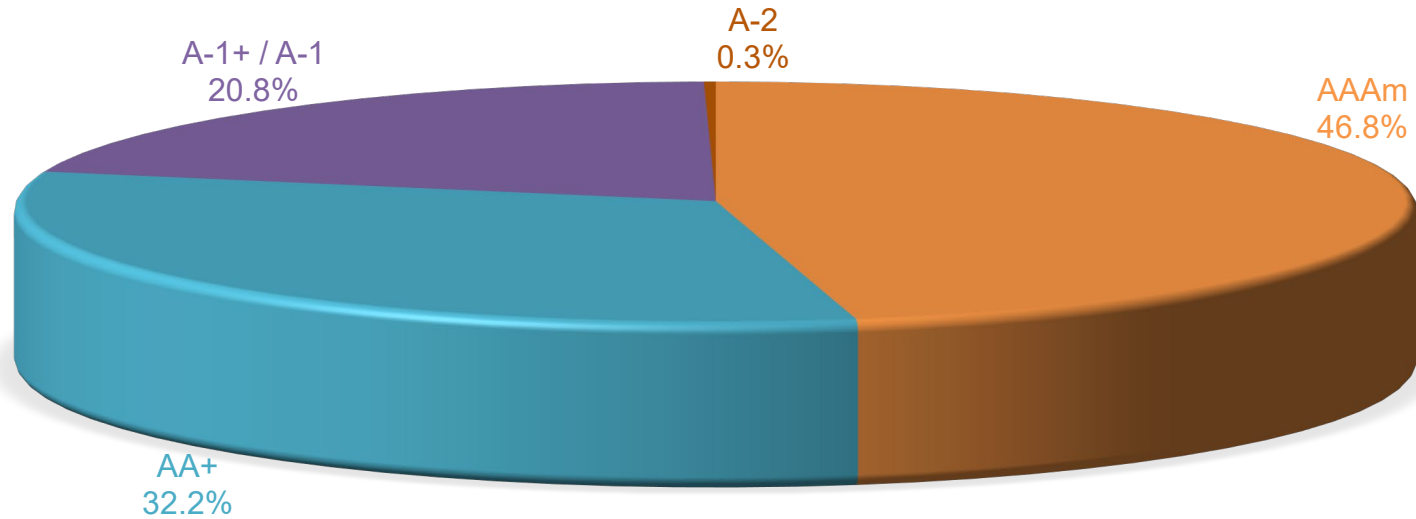
Investments – By Security Type



Security Type	December		January		February		March	
	Market Value	Asset Allocation	Market Value	Asset Allocation	Market Value	Asset Allocation	Market Value	Asset Allocation
Commercial Paper	244,519,501	17.7%	272,244,618	20.2%	279,232,839	20.1%	264,044,346	19.7%
Federal Agencies	-	0.0%	-	0.0%	-	0.0%	-	0.0%
U.S. Treasuries	360,282,165	26.1%	360,057,750	26.8%	449,041,772	32.3%	430,940,284	32.2%
MMF / LGIP	759,652,289	55.0%	618,474,963	46.0%	570,990,336	41.1%	625,816,802	46.8%
Cash	15,948,346	1.2%	93,758,907	7.0%	88,877,690	6.4%	17,565,818	1.3%
Total	1,380,402,301	100.0%	1,344,536,238	100.0%	1,388,142,636	100.0%	1,338,367,251	100.0%

Portfolio Snapshot

Investments – By Credit Quality

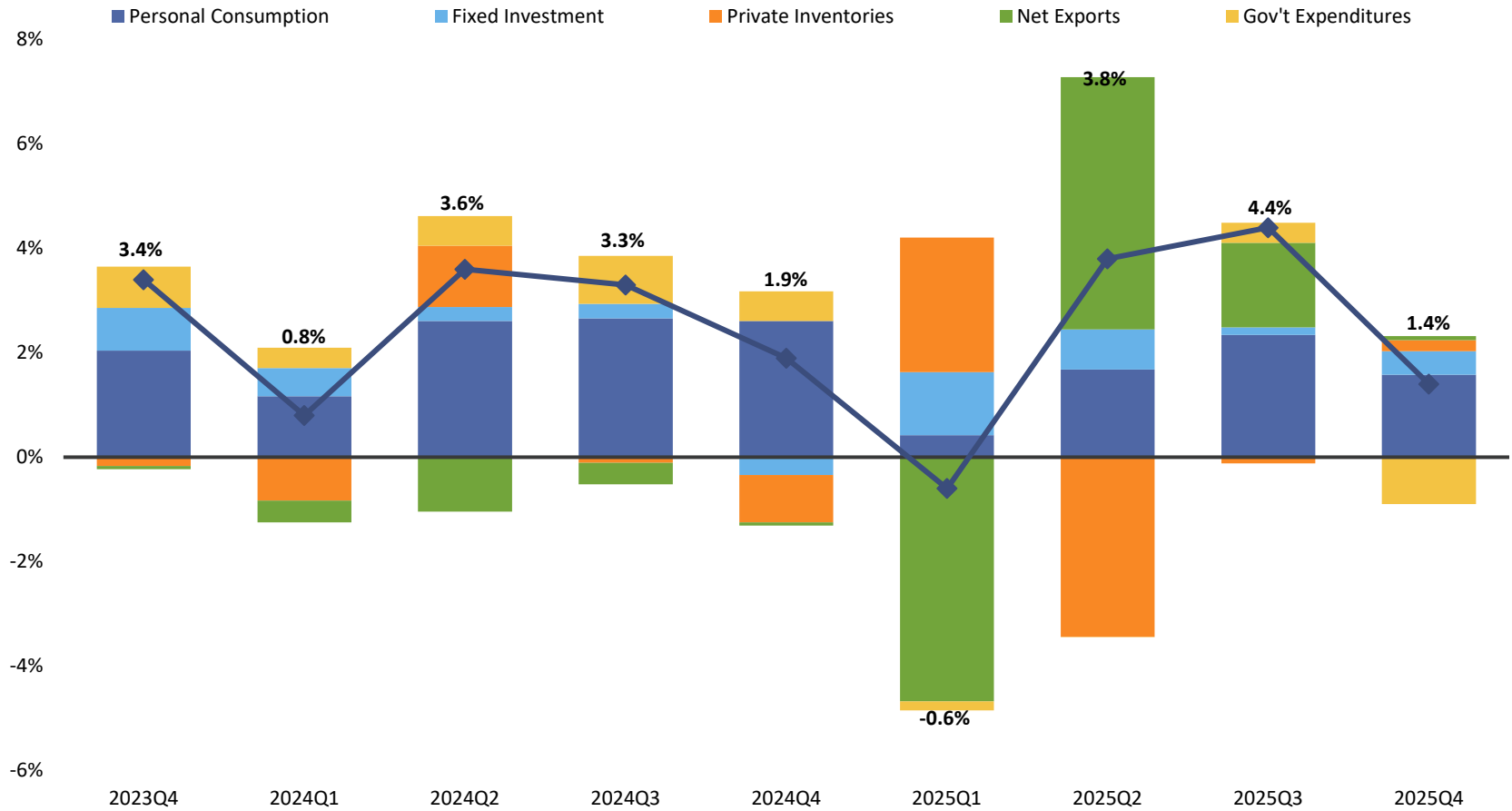


Credit Quality	Market Value	Asset Allocation
Ratings		
AAAm	625,816,802	46.8%
AA+	430,940,574	32.2%
A-1 + / A-1	277,891,122	20.8%
A-2	3,718,752	0.3%
NR	-	0.0%
Totals	1,338,367,251	100.0%

Appendix I: Economic Update

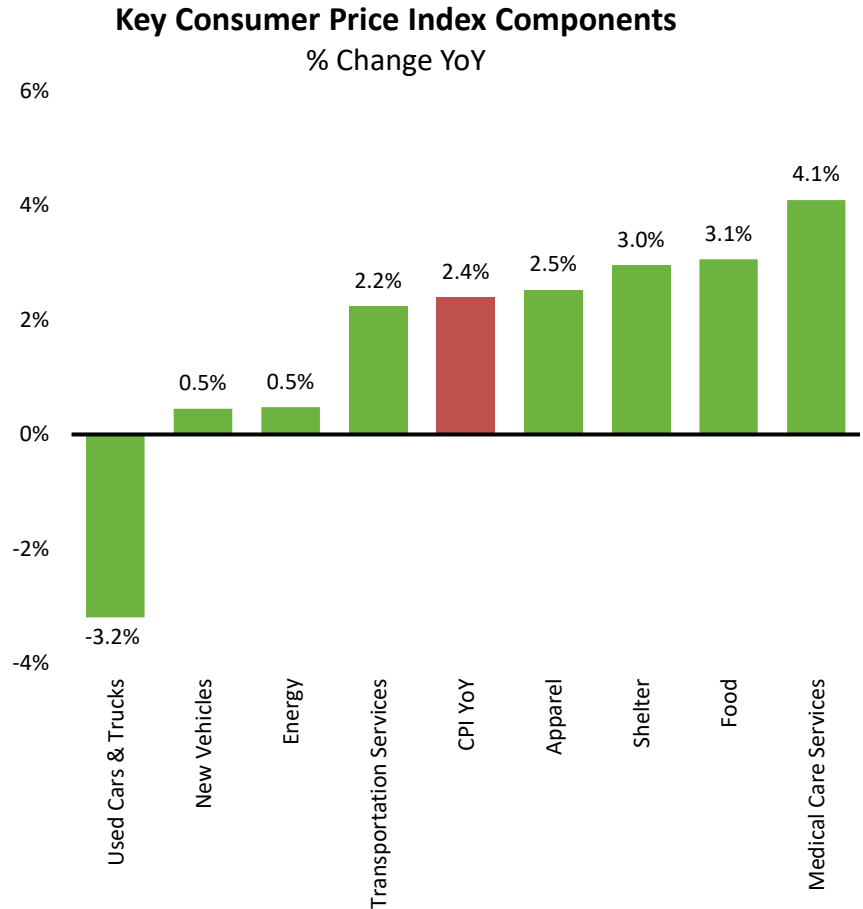
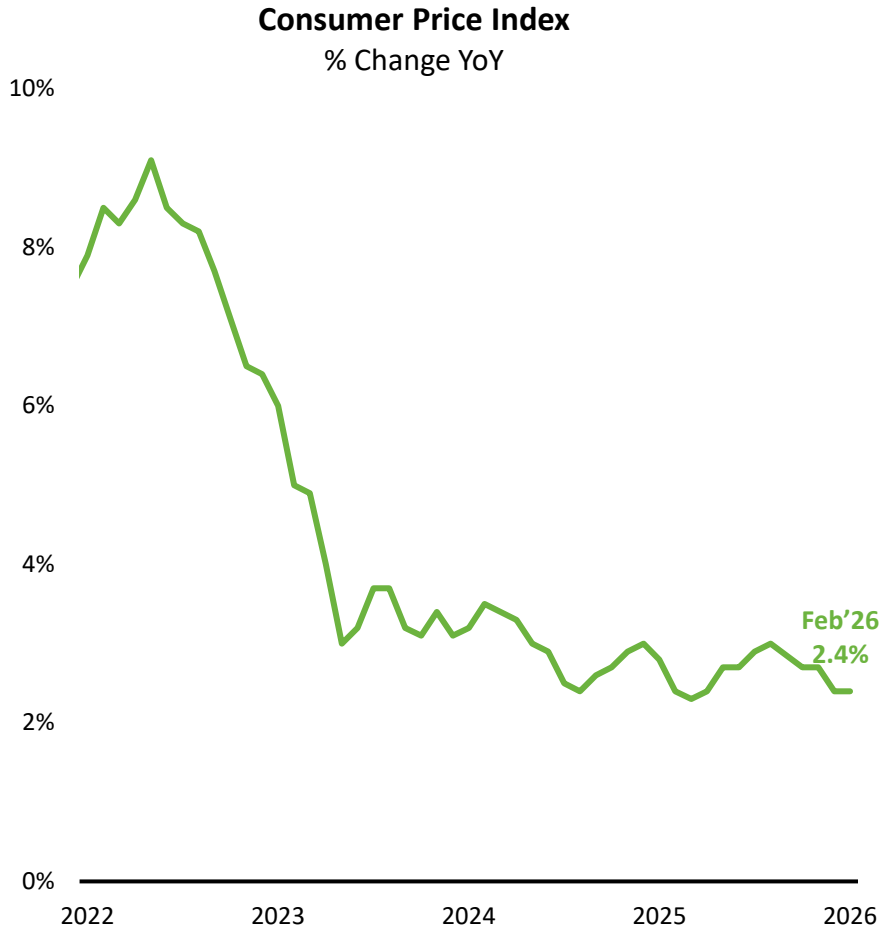
Gross Domestic Product

U.S. Real GDP Contributors and Detractors



Source: Bloomberg Finance L.P., Bureau of Economic Analysis, as of December 2025.

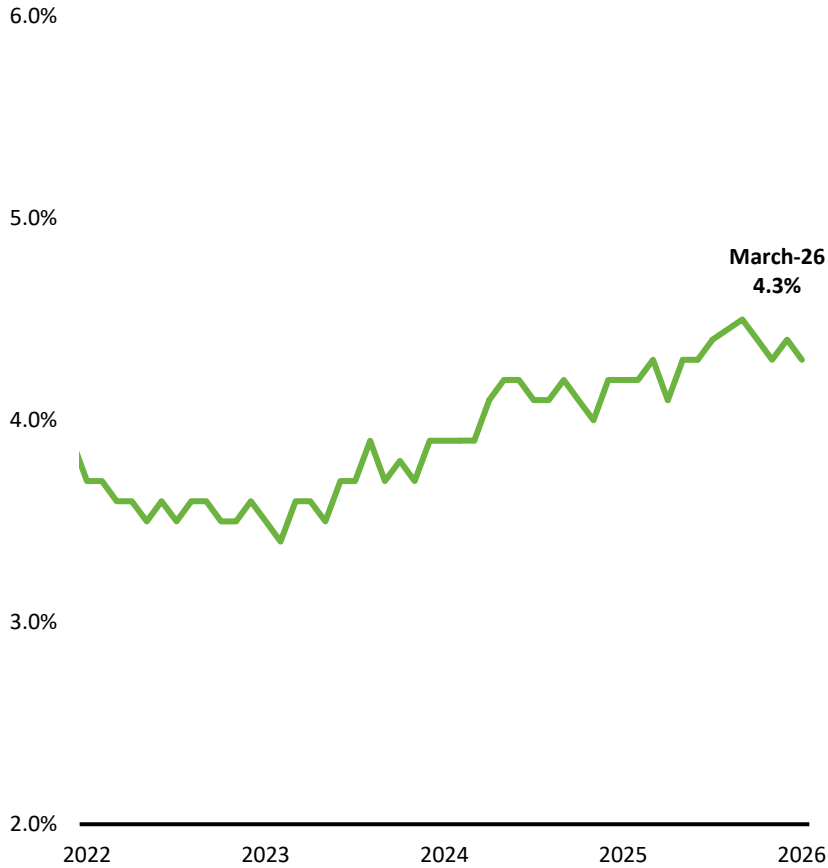
Consumer Price Index



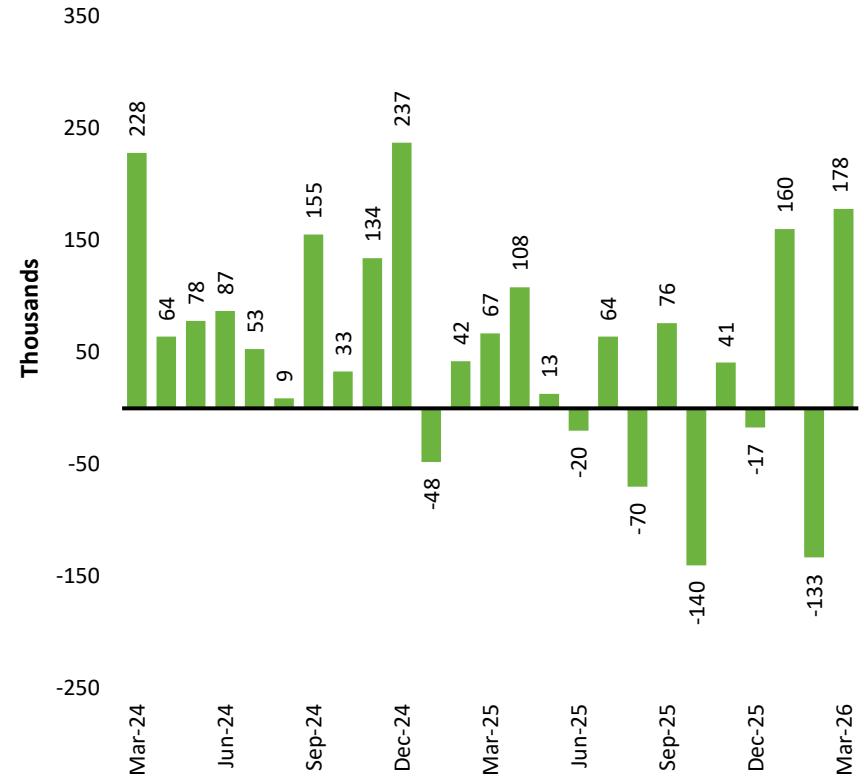
Source: Bloomberg Finance L.P., as of February 2026.

Labor Market Sends Mixed Signals

Unemployment Rate



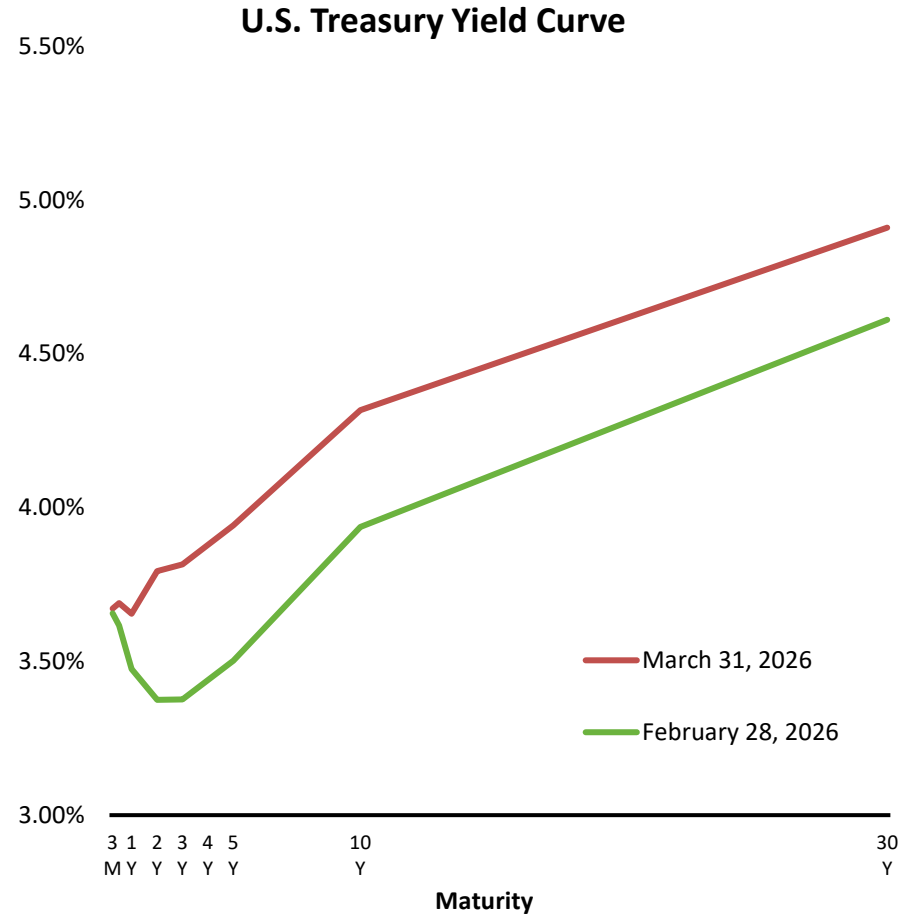
Monthly Change In Nonfarm Payrolls



Source: Bureau of Labor Statistics. Bloomberg Finance L.P., as of March 2026. Monthly change in nonfarm payrolls as of March 2026. Data is seasonally adjusted.

Treasury Yield Curve

	3/31/2026	2/28/2026	Change
3 month	3.67%	3.66%	0.01%
1 year	3.65%	3.47%	0.18%
2 year	3.79%	3.37%	0.42%
3 year	3.82%	3.38%	0.44%
5 year	3.94%	3.50%	0.44%
10 year	4.32%	3.94%	0.38%
30 year	4.91%	4.61%	0.30%



Source: Bloomberg Finance L.P., as of 3/31/2026 and 2/28/2026, as indicated.

Fixed Income Market Overview and Outlook

FIXED INCOME MARKET – ECONOMIC HIGHLIGHTS

- The first quarter of 2026 began with familiar themes: a data-dependent Federal Reserve (“Fed”) and a constructive risk sentiment across asset classes
 - The backdrop shifted on February 28th when the conflict in Iran began, shifting investor sentiment and significantly repricing markets through the balance of the quarter
- The primary source of market disruption was the effective halt of traffic through the Strait of Hormuz, a critical artery for global oil shipments
 - As a result, crude oil prices increased by over 60% in March alone
 - Market volatility indices jumped to 12-month highs, equity markets sold off sharply, and interest rates increased as the implications of rising energy prices pushed up near term inflation expectations
- Seemingly overshadowed by geopolitical headlines, the Federal Open Market Committee (“FOMC”) met in March and held its target range unchanged at 3.50% to 3.75%, as expected
 - The FOMC maintained its “dot plot” projection for one 25 basis point rate cut in 2026
 - Fed Chair Jerome Powell also acknowledged the path forward is complicated by the Middle Eastern conflict, making it more challenging for the Fed to balance its dual mandate of price stability and maximum employment
- Economic growth in the fourth quarter of calendar year 2025 remained resilient despite temporary headwinds from the U.S. government shutdown, as stable consumer and business spending helped offset the drag of government spending on real gross domestic product (“GDP”)
 - Household balance sheets and labor income exceeding inflation continued to support consumption, while business investment showed pockets of strength, particularly in technology and productivity-enhancing initiatives

Fixed Income

Market Overview and Outlook

FIXED INCOME MARKET – ECONOMIC HIGHLIGHTS

- Inflation remained stubborn during the first quarter of calendar year 2026, with limited progress in core services and continued upward pressure from tariff passthroughs
 - Looking ahead, the inflation outlook has become increasingly dependent on the duration of the Middle East conflict and the extent to which sustained energy price increases feed into core goods and services
 - A broader and more persistent passthrough would pose upside risks to inflation and complicate Fed policy
- Labor market data remained steady with unemployment at 4.3% in March
 - Monthly payroll employment remained subdued and averaged 68,000 new jobs per month over the quarter
 - Initial jobless claims held near historically low levels and continuing claims declined, reinforcing the persistence of a “low-hire, low-fire” environment
- U.S. Treasury yields increased over the quarter as investors repriced their Fed policy outlook driven by geopolitical turmoil and renewed inflation concerns
 - Yield increases were led higher by the 2-year maturity reflecting market repricing of Fed interest rate policy over the next several quarters
 - The 3-month U.S. Treasury ended the quarter at 3.67% and the 2, 5, and 10-year Treasuries ended the quarter at 3.79%, 3.94%, and 4.32%, respectively
 - Longer duration bond indices experienced the greatest pressure from rising yields, with higher rates adversely impacting valuations
 - As bond yields remain firmly above multi-year averages, income remains a key component of total returns
- Excess returns were a mixed bag during the quarter
 - Federal Agency issuance remained limited, keeping spreads narrow and excess returns muted; the expectation for new issuance over the foreseeable future remains quite light

Disclosure

The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.

PFM Asset Management serves clients in the public sector and is a division of U.S. Bancorp Asset Management, Inc., which is the legal entity providing investment advisory services. U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Bank Deposits are not managed by PFMAM, and therefore we cannot guarantee the accuracy of holdings.



Financial Services Audit Committee Communication

Date: May 22, 2026

To: Great Lakes Water Authority Audit Committee

From: Scott Garrigan, Financial Services Director

Re: Water Funding Task Force Update as of May 15, 2026

Background: The Water Funding Task Force (WFTF) was formed in January 2026 with the goal of addressing long-term water infrastructure needs facing our state to adequately mitigate economic, environmental, and social risks without adversely impacting affordability. The deliverables are research and analysis that supports companion funding and policy recommendations.

The task force is composed of various GLWA staff, industry experts, and consultants.

Analysis: Current actions items include the following.

- Three Member Partner focus groups, to better understand financial and infrastructure pressures were convened, one each on May 4th, May 5th, and May 11th, 2026. In total, twenty individuals from fifteen different Member Partners attended. Participants included city managers, public works directors, finance professionals, and others, representing Member Partners within Oakland, Macomb, Wayne, and Washtenaw Counties. Lead service line replacement costs is a common theme that has surfaced in the focus groups. The group participants discussed the challenges related to how resources are allocated related to these costs.
- Nine peer utility sessions representing utilities across the United States have been held as of May 15th. Meetings are still being scheduled, but the expectation is that most of the interviews will be concluded by the end of May.
- The Water and Wastewater CFO Forum was held in Detroit on May 13th-15th, 2026. At the forum, Nicolette Bateson (GLWA), Maggie Pallone (Public Sector Consultants), and I led a session titled “Water Funding Task Force: Addressing the Crisis Underneath Us”. This was an important milestone for the task force because it highlighted the challenges of securing sustainable funding for the water sector. The audience included over 30 water/wastewater utility CFOs from across the country who answered twelve polling questions to garner further national research data.

- The next step is to synthesize our research to identify the key themes and challenges. These insights will guide the development of initial drafts for our funding and policy proposals.

Proposed Action: Receive and file this report.



Financial Services Audit Committee Communication

Date: May 22, 2026

To: Great Lakes Water Authority Audit Committee

From: Kim Garland, CPA, Deputy Chief Financial Officer

Re: Quarterly Economic Outlook Task Force Update

Background & Analysis: In July 2021, the Great Lakes Water Authority (GLWA) began conversations with vendors, analysts, supply chain experts, and others to better understand the potential impact of global and economic conditions on GLWA's capital and operating budgets.

In September 2021, Public Sector Consultants (PSC) was engaged to work with the GLWA Procurement team, the GLWA Capital Improvement Planning team, and other stakeholders to conduct an economic analysis and identify impacts on the annual capital improvement plan. GLWA and its PSC partners provide updates throughout the year to assist in monitoring and responding to ongoing economic changes.

Included with this memo is the May 2026 EOTF Update providing a summary of economic activity through the first quarter of 2026. This update will be presented by the PSC senior advisory team.

Proposed Action: Receive and file this report.

Economic Outlook Task Force Update

GLWA Audit Committee

May 2026

Public Sector Consultants

Executive Summary: 2026 Q1 in Review

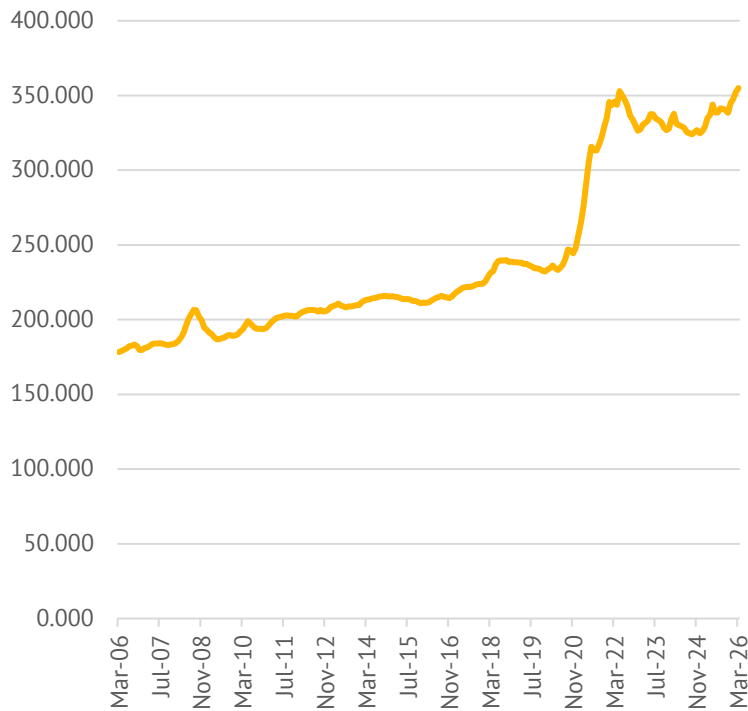
Through Q1 2026, we are particularly paying attention to a softening labor market and a renewed inflation spike driven by energy costs:

- **Economy:** The labor market remained sluggish in Q1 2026, with the economy adding 130,000 jobs in January, losing jobs in February, and rebounding to 178,000 in March; the unemployment rate held at 4.3%.
- **Infrastructure Costs:** Headline inflation jumped to 3.3% in March from 2.4% in January and February, driven by a 21% spike in gasoline prices tied to the war with Iran. GLWA's key materials remain 30-60% more costly than 5 years ago.
- **State of Michigan Budget:** Governor Whitmer released her FY27 executive budget on February 11th, an \$88.1B plan with focused investments in roads, literacy, and healthcare access.
- **Risk:** Energy-driven inflation and ongoing tariff pass-through could re-accelerate construction and material costs as Iran conflict pressures persist.

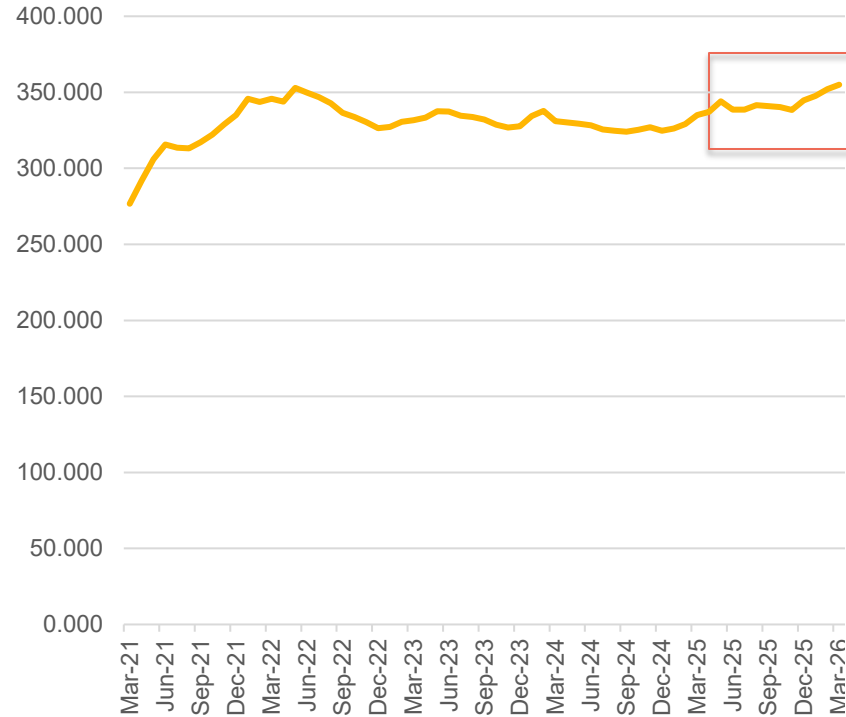
Construction Materials: Producer Price Index

Construction Materials prices ticked up sharply in Q1 2026, with March 2026 representing the highest level on record and a potential reversal from the modest cooling seen in 2024-25.

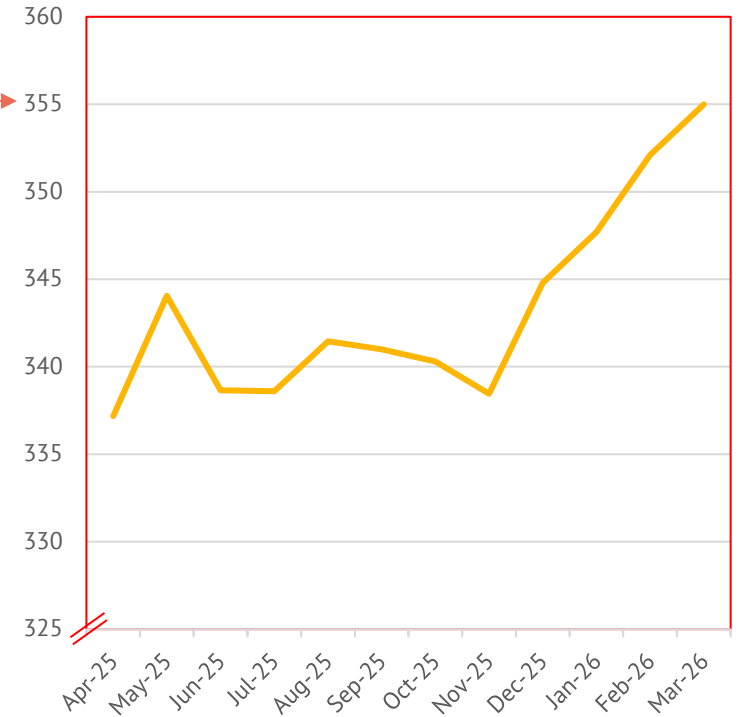
20 YR



5 YR



1 YR*

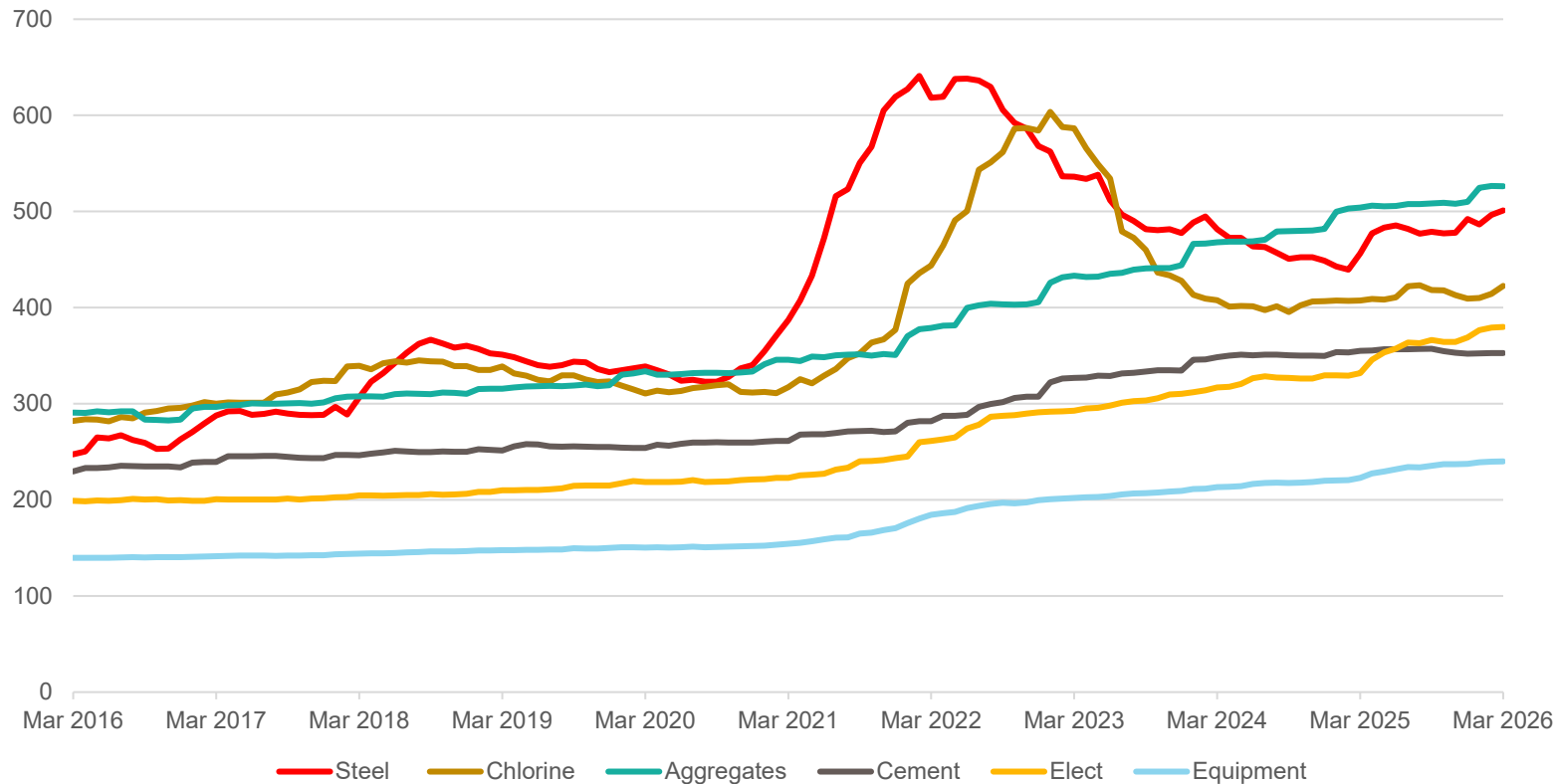


Source: Bureau of Labor Statistics, Producer Price Index, updated April 10, 2026

*Note the different vertical axis for 1YR

Priority Materials: Producer Prices

Prices for priority materials are increasing faster than broader inflation which is hovering around 3%, with the exception of chlorine and cement. Rising transportation costs may place upward pressure on material prices.

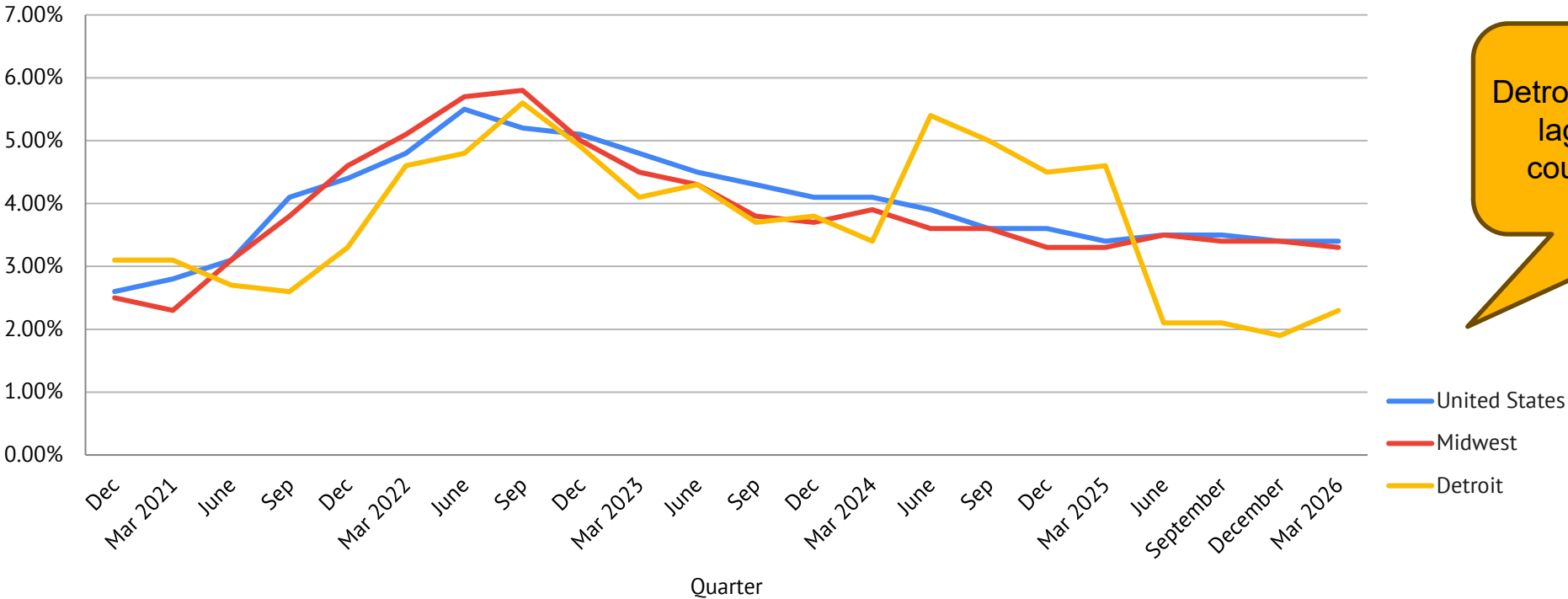


Percent Change	10YR	5YR	1YR
Iron and Steel Pipes and Tubes	99%	45%	10%
Chlorine	43%	31%	1%
Aggregates	80%	53%	6%
Cement	57%	36%	1%
Electrical Switch Gear/Board	85%	67%	12%
Elect Equipment	70%	56%	8%

Wages: Total Compensation

The Employment Cost Index (ECI) measures change in labor cost to employers. The decline in the Detroit and September seems to be driven by a reduction in benefits as wages have held pace at 3.3-3.8%.

Total Compensation Percent Change: United States, Midwest and Detroit



Detroit compensation gains are lagging behind state and country in recent quarters.

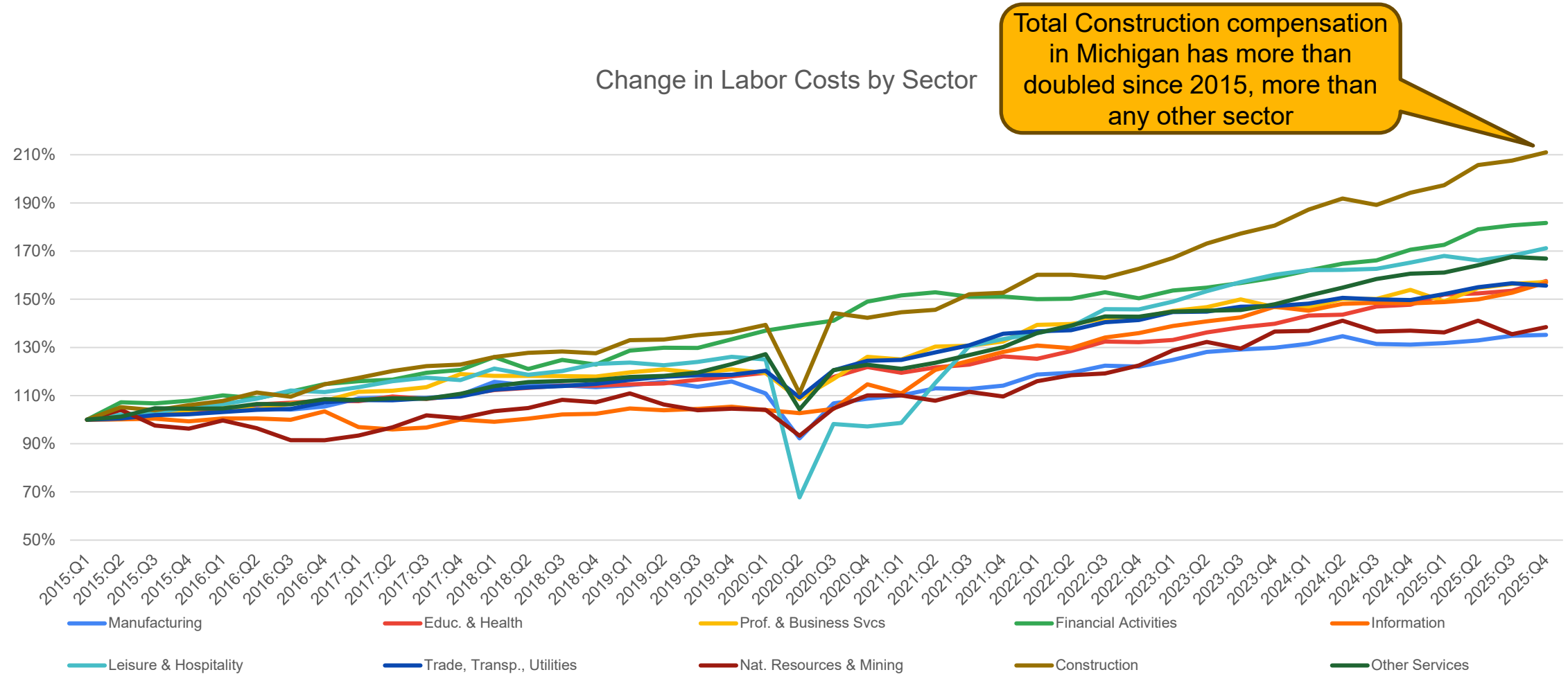
The Employment Cost Index (ECI) uses a fixed “basket” of labor to produce a pure cost change, free from the effects of workers moving between occupations and industries and includes both the cost of wages and salaries and the cost of benefits.



Source: Employment Cost Index, Bureau of Labor Statistics (BLS); updated April 10, 2026

Growth in Compensation by Sector

While all sectors have increased through a combination of higher labor costs and more jobs, Construction has increased the fastest.

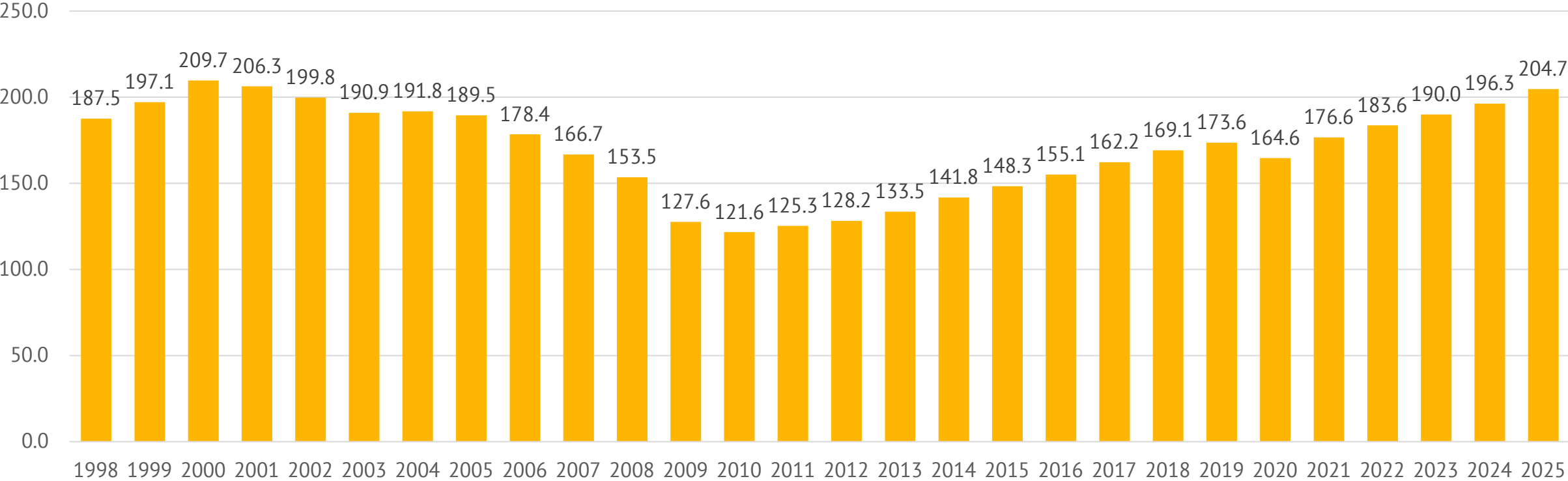


Source: Compensation of employees by NAICS industry, Bureau of Labor Statistics (BLS); updated February 10, 2026

Construction Employment in Michigan

The number of construction jobs in Michigan has steadily recovered since the financial crisis, with 2025 ending at the highest point since 2001 and just shy of the peak in 2000.

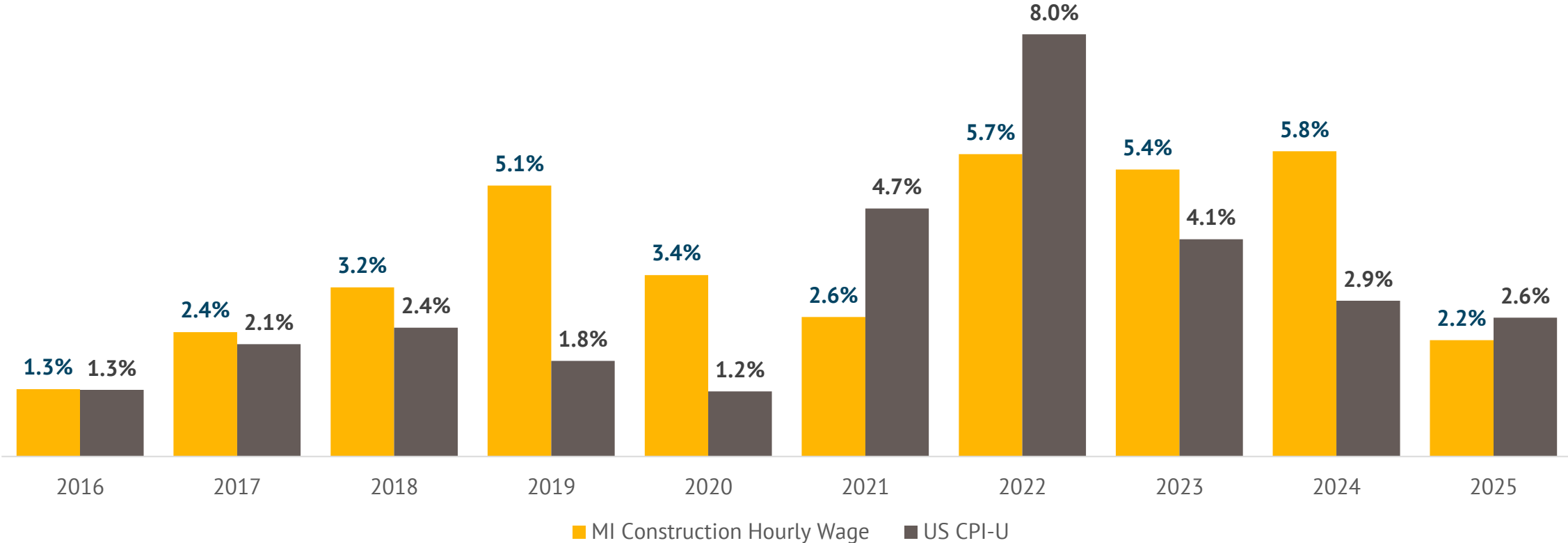
Michigan Construction Employment – Annual Data (thousands of jobs)



Construction Wages Compared to Inflation

Average hourly construction wages in Michigan have risen 44% in aggregate over the last 10 years, outpacing broader inflation which has risen 36%.

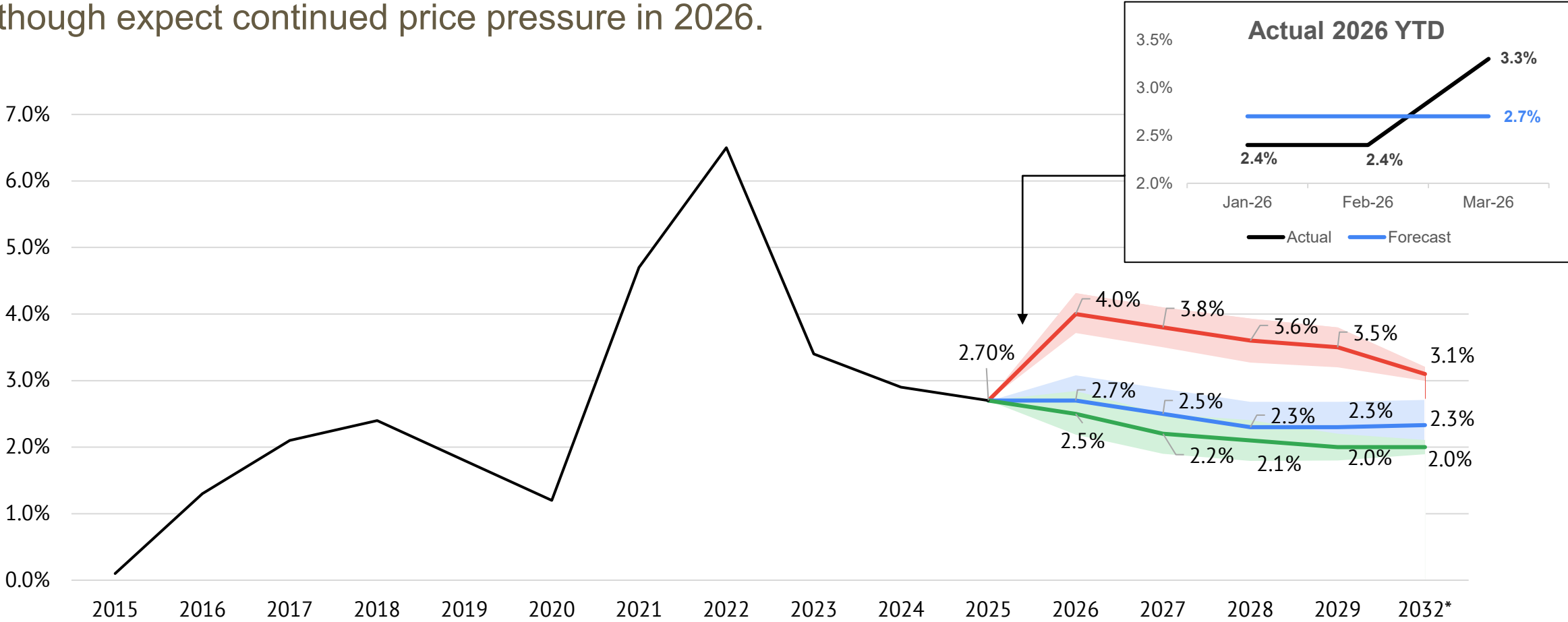
Annual Growth in Average MI Hourly Construction Wage and US CPI-U



Sources: U.S. Bureau of Labor Statistics. "State and Metro Area Employment, Hours & Earnings" and "Consumer Price Index for All Urban Consumers and PSC calculations. Data downloaded February 6, 2026.

Southeast Michigan Inflation Forecast

2025 inflation ended slightly below our projection of 2.9% at 2.7%, providing some long-anticipated relief to prices. We revised our base and high case inflation projection downward by 0.2% in Q1 although expect continued price pressure in 2026.



Looking Ahead in 2026: Key Drivers to Watch

- Q1 jobs data had some momentum in March however revisions have trended downward when applied, job gains have been geared towards the Health Care sector with other sectors lagging
- Ongoing uncertainty around key economic drivers persists, particularly trade policy, with U.S. tariff direction still tied to pending legal and political developments
- Federal Reserve Board of Governors signaling a continued pause, as labor markets remain stable and inflation progress has been uneven
- Artificial Intelligence investment has been accelerating with growing market share and continue value creation, reshaping demand for high-skill labor, while data center expansion continues to drive pressure on utilities and construction capacity
- Thought State budget priorities are infrastructure-focused, the emphasis is on road funding and core capital improvements, in addition to education funding and backstopping Medicaid due to federal cuts

Accomplishments and Highlights

- GLWA has reached a significant milestone: more than \$1 billion in cash-flow debt service savings since the Authority’s inception in January 2016, reducing pressure on charges for member partner communities.
- All three major rating agencies affirmed GLWA’s strong AA-category credit ratings.
- This week’s bond refinancing of \$860.0 million in outstanding debt generated \$91.7 million in cash-flow savings (\$68.0 million in present-value savings).
- This successful Series 2026 bond transaction also secured \$208 million in new funding for regional water system capital improvements and \$32 million for wastewater system needs.

Rating Agency Actions – In the weeks leading up to the transactions, all three rating agencies affirmed GLWA’s credit ratings for both the Water and Sewer Systems.

Rating Agency	Water System	Sewer System
Fitch Ratings	Senior Lien A+ Second Lien A Stable Outlook	Senior Lien AA Second Lien AA- Stable Outlook
Moody’s Investors Service	Senior Lien Aa3 Second Lien A1 Stable Outlook	Senior Lien Aa3 Second Lien A1 Stable Outlook
Standard & Poor’s Global Ratings	Senior Lien AA- Second Lien A+ Stable Outlook	Senior Lien AA- Second Lien A+ Stable Outlook

Incorporating Variable Rate Debt Diversifies Investor Base and Reduces Costs - As part of the 2026 plan of finance, GLWA introduced variable-rate debt to the Water System portfolio through a term rate bond. This option provides a cost-effective, risk-balanced financing tool between traditional fixed-rate and floating-rate structures. The addition of this instrument broadened the investor base, diversified GLWA’s debt profile, and reduced overall borrowing costs. The fixed term rate of 3.45% through 2031 compares favorably to the long-term fixed-rate benchmark of 4.70%.

Refinancing Savings – The refinancing of \$628.0 million in Water System bonds and \$232.0 million in Sewer System bonds produced strong results.

- ✓ Water System: \$63.6 million in future cash-flow savings (\$45.4 million present value, or 7.2%).
- ✓ Sewer System: \$28.1 million in future cash-flow savings (\$22.5 million present value, or 9.7%).
- ✓ Included in these totals is \$5.2 million in future cash-flow savings (\$3.2 million present value) that directly benefits the local water system.

New Money Bonds Support System Reliability & Resiliency - GLWA secured \$208 million for Water System capital projects and \$32 million for Wastewater System improvements through the issuance of new money bonds. These fixed-rate, tax-exempt bonds achieved a favorable true interest cost between 4.6% and 4.7% for both systems.



Financial Services Audit Committee Communication

Date: May 22, 2026

To: Audit Committee

From: Alicia Schwartz, Grants Manager

Re: National Grants Management Association (NGMA) – Michigan Chapter

About NGMA: Founded in 1978, the National Grants Management Association (NGMA) is a national professional association representing more than 7,000 grants management professionals spanning supervisory, accounting, compliance, and related roles. The organization advances excellence in grants management through rigorous training, certification, peer networking, and the promotion of best practices.

Strategic Rationale for a Michigan Chapter: The GLWA Grants Management Team has been engaged with NGMA for several years and I have recently worked directly with the NGMA Board of Directors and several other local resources to establish a Michigan Chapter. As federal funding opportunities grow more complex, grants professionals will benefit from localized training and a coordinated statewide network. I will serve as part of the inaugural leadership team focusing on establishing sustainable programming, expanding membership, and cultivating a strong statewide network.

The Michigan Chapter is positioned to become a central network for professional growth and collaboration by offering:

- Local opportunities for networking, knowledge sharing, and continuing professional education (CPE).
- A platform for promoting grants management best practices statewide.
- Training tailored to Michigan-specific grant programs and state funding structures.
- Support for professionals pursuing the Certified Grants Management Specialist certification.
- Peer collaboration and networking that enhance day-to-day practice and problem-solving.

Next Steps: I will continue to provide updates on the stand-up of this local Chapter, including resources and the process to join as we continue to build with the support of the national organization and other local leadership volunteers.



Welcome to the May edition of *The Procurement Pipeline*, a monthly newsletter designed to provide updates on doing business with the Great Lakes Water Authority (GLWA).

Procurement Tip of the Month: Utilizing the GLWA Vendor Webpage

For vendors interested in doing business with GLWA, utilizing the [GLWA Vendor Webpage](#) is one important way to learn more about GLWA's procurement process and to stay informed about important updates and open opportunities. Below you will find an overview of the information, documents, and links that are available.

- ✓ A link to [GLWA's Euna Procurement Portal](#), including a full listing of open GLWA opportunities as well as a searchable archive of past public opportunities and public contracts. Vendors will also find a link to the Euna Procurement registration page, and info on the benefits of creating a profile.
- ✓ GLWA's most recent [Annual Procurement Report](#), which details all GLWA procurement activity including contracts awarded and dollars spent for FY 2025.
- ✓ Key procurement documents, including the [GLWA Procurement Policy](#), [Instructions to Vendors](#), and [Purchase Orders Terms & Conditions](#) among many others.
- ✓ An overview of GLWA's standard insurance requirements, as well as [Vendor Performance Assessment \(VPA\)](#), and [Business Inclusion and Diversity \(B.I.D.\)](#) Programs.
- ✓ The 2026 editions of the monthly Procurement Pipeline newsletter. Prior year editions are archived and searchable via the search function on GLWA's website.
- ✓ Information on Vendor Introductions Meetings, and how interested vendors can schedule a one-on-one meeting with procurement representatives to learn more about doing business with GLWA.
- ✓ An overview of GLWA's Procurement Team, including its goals, values, and team structure, as well as contact information.

Vendors are encouraged to use the Vendor Webpage to learn more about Procurement and to check back frequently for new info and resources!

Save the Date! GLWA's 2026 Vendor Outreach Event

GLWA's 2026 Vendor Outreach Event will be held on October 29, 2026 at Schoolcraft College in Livonia. The half-day event, which will begin at 8:30, will help vendors understand how to navigate GLWA's procurement process as well as provide opportunities to ask questions and network with other vendors. Stay tuned for future editions of the monthly *Pipeline* newsletter for the event agenda and registration details.

Virtual Vendor Introduction Meetings

If you are interested in learning more about doing business with GLWA, contact us at GLWAVendorOutreach@glwater.org to schedule a virtual vendor introduction meeting. Topics include information on submitting a competitive bid or proposal to any GLWA solicitation.

Keeping up with GLWA

Our Chief Executive Officer (CEO) Monthly Report provides a wealth of information and news about important initiatives within GLWA's service territory that impact GLWA, its member partners, and the public. To read the April 2026 Monthly Report, please [click here](#).

What's Coming Down the Pipe?

Current Solicitations: Register in GLWA's [Euna Procurement Portal](#) for new solicitations and contract award information.

Upcoming Procurements: Next Three to Nine Months—See newsletter page 2.

Visit GLWA online!

To see the GLWA vendor homepage, please visit www.glwater.org or contact us via email at procurement@glwater.org.

Upcoming Solicitations May 2026

Category	CIP #	Description/Project Title	Budget Estimate
Water System (next four to nine months)			
Construction	111012	Lake Huron Water Treatment Plant Flocculation Improvements	\$60,000,000
Wastewater Systems (next four to nine months)			
Design	260803	WRRF Roof Improvements - Phase II	\$500,000
Construction	232002	Conner Creek Sanitary Pump Station	\$167,000,000
Construction	260206	Rehabilitation of 7 Mile Sewer System	\$9,800,000
Construction	261001	WRRF Rehabilitation of the Secondary Clarifiers Phase 1 (CMAR)	\$30,000,000
Enterprise (next three months)			
Information Technology	O&M	Contact Management System Request for Information	\$250,000
Information Technology	O&M	Shift Logs and Operational Rounds Solution	\$600,000
Information Technology	O&M	Accounts Payable Automation Solution	\$350,000
Information Technology	O&M	Computer-Aided Dispatch Solution	\$400,000
Water System (next three months)			
Professional Services	116101	Design/ Inspection of Raw Water Tunnels	\$4,242,000
Wastewater (next three months)			
Design	261001	WRRF Rehabilitation of the Secondary Clarifiers Phase 1	\$8,000,000
Design	213008	WRRF Rehabilitation of Ash Handling Systems	\$1,600,000
Design	270002	Meldrum Sewer Diversion and VR-15 Improvements	\$2,000,000
Construction	260210	Rehabilitation of GLWA Sewers: Ashland Relief, Linwood, Second, and Shiawassee (AL2S)	\$14,000,000
Projects moved to Procurement Team (Preparing for solicitation on Euna Procurement)			
Professional Services	O&M	Staffing Services	\$500,000
Construction	122020	Concord Nevada Flow Control Valves	\$7,000,000
Design-Build	170803	Reservoir Rehabilitation Phase III	\$51,830,000
Professional Services	O&M & 170507	Water Transmission, Valve, Emergency and Other Urgent Repairs	\$22,000,000
Construction	132015	Newburgh Road Booster Pumping Station Improvements	\$66,000,000
Professional Services	O&M	Preventative Maintenance and Repair of Electrical Equipment	\$9,684,080
Construction	132016	North Service Center Pumping Station Improvements	\$108,322,551
Professional Services	O&M	Boiler Operation and Maintenance	\$800,000
Professional Services	O&M	Third Party Facilitation – Member Outreach Program	\$2,000,000

Vendors should continue to monitor [Euna](#) for solicitation updates.

Acronyms		
WRRF: Water Resource Recovery Facility	CSO: Combined Sewer Overflow	WTP: Water Treatment Plant