**NEW ISSUE--BOOK-ENTRY ONLY** **See "Ratings" herein.**

*In the opinion of Bond Counsel, subject to compliance with certain covenants, under existing law and except as described under "TAX MATTERS" herein, (1) interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (2) interest on the Series 2026 Bonds is not an item of tax preference in calculating the federal alternative minimum tax imposed on individuals, (3) interest on the Series 2026 Bonds held by an "applicable corporation" (within the meaning of Section 59(k) of the Code) is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on an applicable corporation under Section 55 of the Code that are subject to the corporate alternative minimum tax under Section 55 of the Code and (4) the Series 2026 Bonds and the interest thereon are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition of the Series 2026 Bonds. See "TAX MATTERS."*

# $239,740,000
# GREAT LAKES WATER AUTHORITY
## Sewage Disposal System Revenue and Revenue Refunding Bonds
## Series 2026

| **$30,155,000**<br>**Sewage Disposal System**<br>**Revenue Refunding**<br>**Senior Lien Bonds**<br>**Series 2026A** | **$179,565,000**<br>**Sewage Disposal System**<br>**Revenue Refunding**<br>**Second Lien Bonds**<br>**Series 2026B** | **$30,020,000**<br>**Sewage Disposal System**<br>**Revenue Senior Lien Bonds**<br>**Series 2026C** |
|---|---|---|

**Dated: Date of Delivery** **Due as shown on inside cover page**

The Sewage Disposal System Revenue and Revenue Refunding Bonds set forth above (the "Series 2026 Bonds") will be issued by the Great Lakes Water Authority (the "Authority" or "GLWA") pursuant to the Ordinance (as defined herein) of the Authority to (i) refund certain Refunded Bonds (as defined herein), (ii) pay costs of capital improvements for the Regional Sewer System (as defined herein) and (iii) pay certain costs of issuance of the Series 2026 Bonds. The Series 2026 Bonds are payable from the Pledged Assets (as defined herein) pledged as security therefor under the Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Authority operates the regional water supply and sewage disposal systems previously operated by the City of Detroit (the "City"). The Authority assumed all of the outstanding debt of the City relating to the regional and local water supply and sewage disposal systems and acquired all of the revenues of those systems as of January 1, 2016. See "THE GREAT LAKES WATER AUTHORITY."

The Series 2026 Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2026 Bonds. Bondholders will not receive certificates representing their ownership interest in the Series 2026 Bonds purchased. See "THE SERIES 2026 BONDS - Book-Entry-Only System."

The Series 2026 Bonds will bear interest at the rates and mature on the dates as set forth on the inside cover hereof. Interest on the Series 2026 Bonds will accrue from the date of delivery thereof and will be payable January 1 and July 1, commencing January 1, 2027.

The Series 2026 Bonds are subject to optional redemption and mandatory redemption prior to maturity. See "THE SERIES 2026 BONDS – Optional Redemption" and "Mandatory Redemption."

The Trustee for the Series 2026 Bonds is U.S. Bank Trust Company, National Association.

**The Series 2026 Bonds are issued under Act 233 and Act 94 (each as defined herein). The Series 2026 Bonds are not a general obligation of the Authority and do not constitute indebtedness of the Authority within any constitutional or statutory limitation, but are payable, both as to principal and interest solely from the Pledged Assets of the Sewer System (as defined herein). The payment of the principal of and interest on the Series 2026 Bonds is secured by a statutory lien on the Pledged Assets as described herein.**

The Series 2026 Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and subject to approval of legality by Bond Counsel to the Authority, Dickinson Wright PLLC, Detroit, Michigan. Certain legal matters will be passed upon by Kutak Rock LLP, Washington, D.C., Underwriters' Counsel. It is expected that the Series 2026 Bonds in book-entry form will be available for delivery against payment therefor through the facilities of The Depository Trust Company ("DTC") on or about June 1, 2026.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**Siebert Williams Shank** **BofA Securities**

**Goldman Sachs & Co. LLC** **Huntington Capital Markets** **Jefferies LLC**
**Loop Capital Markets** **Morgan Stanley** **Stifel**

Dated: May 19, 2026

**$30,155,000**
**Sewage Disposal System Revenue Refunding Senior Lien Bonds**
**Series 2026A**

| **Maturity (July 1)** | **Principal Amount** | **Interest Rate** | **Yield** | **CUSIP**† |
|---|---|---|---|---|
| 2030 | $3,310,000 | 5.000% | 2.960% | 39081H HR6 |
| 2031 | 2,140,000 | 5.000 | 3.050 | 39081H HS4 |
| 2033 | 1,035,000 | 5.000 | 3.190 | 39081H HT2 |
| 2034 | 23,670,000 | 5.000 | 3.260 | 39081H HU9 |

† Registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for reference only. Neither the Authority, the Trustee nor the Underwriters take any responsibility for the accuracy of such numbers.

**$179,565,000**
**Sewage Disposal System Revenue Refunding Second Lien Bonds**
**Series 2026B**

| Maturity (July 1) | Principal Amount | Interest Rate | Yield | CUSIP[†] |
|---|---|---|---|---|
| 2030 | $29,470,000 | 5.000% | 3.060% | 39081H HV7 |
| 2033 | 1,655,000 | 5.000 | 3.290 | 39081H HW5 |
| 2034 | 16,045,000 | 5.000 | 3.360 | 39081H HX3 |
| 2035 | 8,830,000 | 5.000 | 3.450 | 39081H HY1 |
| 2036 | 123,565,000 | 5.000 | 3.550 | 39081H HZ8 |

[†] Registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for reference only. Neither the Authority, the Trustee nor the Underwriters take any responsibility for the accuracy of such numbers.

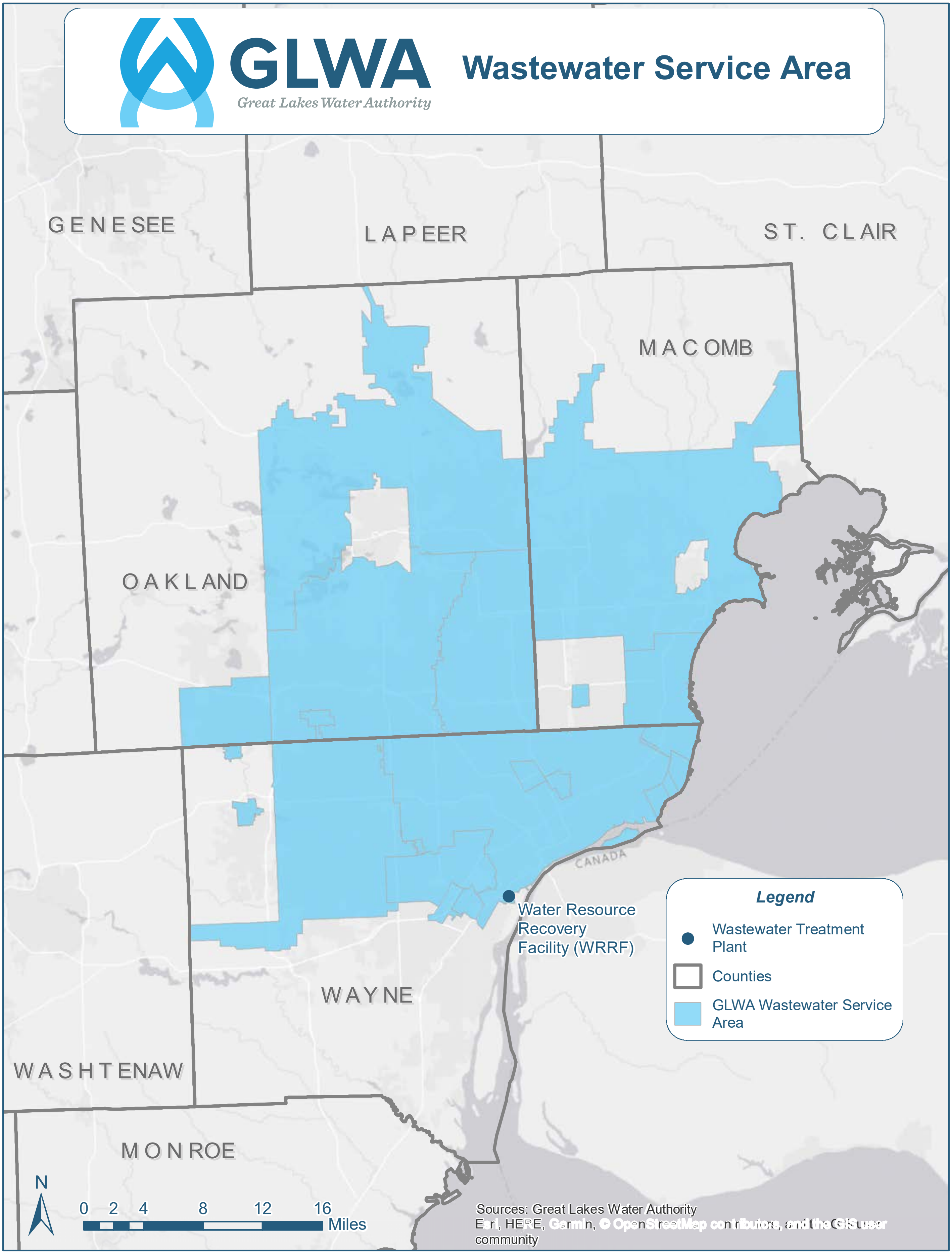
**$30,020,000**
**Sewage Disposal System Revenue Senior Lien Bonds**
**Series 2026C**

| Maturity (July 1) | Principal Amount | Interest Rate | Yield | CUSIP† |
|---|---|---|---|---|
| 2030 | $1,100,000 | 5.000% | 2.960% | 39081H JA1 |
| 2031 | 875,000 | 5.000 | 3.050 | 39081H JB9 |
| 2032 | 5,000 | 5.000 | 3.150 | 39081H JC7 |
| 2033 | 1,200,000 | 5.000 | 3.190 | 39081H JD5 |
| 2034 | 1,255,000 | 5.000 | 3.260 | 39081H JE3 |
| 2035 | 525,000 | 5.000 | 3.350 | 39081H JF0 |
| 2036 | 545,000 | 5.000 | 3.450* | 39081H JG8 |
| 2037 | 735,000 | 5.000 | 3.530* | 39081H JH6 |
| 2038 | 775,000 | 5.000 | 3.620* | 39081H JJ2 |
| 2039 | 810,000 | 5.000 | 3.740* | 39081H JK9 |
| 2040 | 850,000 | 5.000 | 3.780* | 39081H JL7 |
| 2041 | 895,000 | 5.000 | 3.860* | 39081H JM5 |
| 2042 | 940,000 | 5.000 | 3.940* | 39081H JN3 |
| 2043 | 985,000 | 5.000 | 4.030* | 39081H JP8 |
| 2044 | 1,035,000 | 5.000 | 4.130* | 39081H JQ6 |
| 2045 | 1,090,000 | 5.000 | 4.250* | 39081H JR4 |
| 2046 | 1,140,000 | 5.000 | 4.380* | 39081H JS2 |

$6,660,000; 5.250%; Term Bond Due July 1, 2051; Yield 4.660%*; CUSIP 39081H JT0†
$8,600,000; 5.250%; Term Bond Due July 1, 2056; Yield 4.820%*; CUSIP 39081H JU7†

*Yield to the first call date of January 1, 2036

† Registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for reference only. Neither the Authority, the Trustee nor the Underwriters take any responsibility for the accuracy of such numbers.


GLWA
Great Lakes Water Authority
Wastewater Service Area
GENESEE
LAPEER
ST. CLAIR
MACOMB
OAKLAND
WAYNE
WASHTENAW
MONROE
CANADA
Water Resource Recovery Facility (WRRF)
Legend
Wastewater Treatment Plant
Counties
GLWA Wastewater Service Area
N
0 2 4 8 12 16
Miles
Sources: Great Lakes Water Authority
Esri, HERE, Garmin, © OpenStreetMap contributors, and the GIS user community

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2026 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2026 BONDS TO CERTAIN DEALERS AND DEALER BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER OF THIS OFFICIAL STATEMENT. SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters to make any representation other than as contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Underwriters. The information set forth in this Official Statement has been obtained from the Authority, the Detroit Water and Sewerage Department (the "Department" or "DWSD"), The Depository Trust Company ("DTC"), and other sources that are deemed to be reliable, but as to information from sources other than themselves, is not to be construed as a representation by the Authority, DWSD, DTC, or the Underwriters respectively. Certain historical information in this Official Statement has been derived from information on the operations of DWSD prior to the start-up of the Authority.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor the sale of the Series 2026 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Authority, DWSD or DTC since the date of this Official Statement. None of the information contained in this Official Statement has been supplied or verified by the Trustee, and the Trustee make no representations, warranties or guarantee as to the accuracy or completeness of any information in this Official Statement.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2026 Bonds.

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AUTHORITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Certain statements contained in this Official Statement, including in the Appendices hereto, reflect not historical facts but forecasts and "forward-looking statements." Such forward-looking statements can be identified, in some cases, by the terminology used, such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Purchasers and holders of any of the Series 2026 Bonds should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority does not assume any obligation to update any such forward-looking statements. Actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, the risks and uncertainties described herein and risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in geopolitical, military, social, economic, business, industry, market, legal or regulatory circumstances, and conditions or actions taken or omitted to be taken by third parties, including customers, suppliers, and business partners, and legislative, judicial, and other governmental authorities and officials. Any of such assumptions could be inaccurate, and the Authority cannot predict or assess the emergence and impact of new factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the Authority's ability to fulfill some or all of its obligations under the Series 2026 Bonds.

No party that has provided information for this Official Statement has any obligation to update or otherwise revise any projections, forecasts and estimates, including any revisions to reflect changes in conditions or circumstances arising after the date of this Official Statement, or to reflect the occurrence of unanticipated events.

The statements contained in this Official Statement, including the Appendices hereto, that are not purely historical facts are forecasts and forward-looking statements.

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# INTRODUCTION

The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each document. Capitalized terms used in this Official Statement that are not otherwise defined herein have the meanings set forth in APPENDIX VI – DEFINITIONS.

This Official Statement, including the cover pages and the Appendices hereto, is provided to furnish information in connection with the offering by the Great Lakes Water Authority (the "Authority" or "GLWA") of its $30,155,000 Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2026A (the "Series 2026A Bonds"), $179,565,000 Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2026B (the "Series 2026B Bonds"), and $30,020,000 Sewage Disposal System Revenue Senior Lien Bonds, Series 2026C (the "Series 2026C Bonds," and, together with the Series 2026A Bonds and the Series 2026B Bonds, the "Series 2026 Bonds").

### Great Lakes Water Authority

The Authority operates the Regional Water System and the Regional Sewer System (each as defined herein) for southeast Michigan. The governance structure of the Authority gives suburban water and sewer customers a substantial collaborative role in the direction of one of the largest water and wastewater utilities in the nation, while also providing the Local Water System and the Local Sewer System (each as defined herein) of the City of Detroit (the "City") the benefits of the Authority's regional strengths. While the Authority manages and controls all regional water and sewage services, the City and the suburban customers retain control of local water and sewage services within their respective borders. The City also acts as agent of the Authority with respect to setting, billing, collecting and enforcing local retail charges in the City. The Authority is a legally independent, regional authority created pursuant to State law, governed by its Board of Directors ("GLWA Board") and primarily overseen, as to environmental matters, by the Michigan Department of Environment, Great Lakes, and Energy ("EGLE"), as are all water and sewer service providers in the State of Michigan (the "State"), and the federal Environmental Protection Agency ("EPA"). See "THE GREAT LAKES WATER AUTHORITY."

### Purpose

The proceeds of the sale of the Series 2026 Bonds will be used (i) to refund certain Bonds, as identified in Schedule I attached hereto (the "Refunded Bonds"), (ii) to pay costs of capital improvements to the Regional Sewer System (as defined herein) and (iii) to pay certain costs of issuance of the Series 2026 Bonds. See "THE SERIES 2026 BONDS – Plan of Financing."

### Authorization

The Series 2026 Bonds have been authorized and are being 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 GLWA Board (as defined herein) on October 7, 2015, as amended (the "Bond Ordinance"), (iii) the Series Ordinance authorizing the issuance of the Series 2026 Bonds, adopted by the GLWA Board on April 22, 2026 (the "2026 Series Ordinance"), and (iv) a Sale Order executed by the Chief Executive Officer or the Chief Financial Officer of the Authority dated as of the sale date of the Series 2026 Bonds (the "2026 Sale Order," and, collectively with the Bond Ordinance and the 2026 Series Ordinance, the "Ordinance").

**Security and Sources of Payment for the Bonds**

The Authority has irrevocably pledged the revenues of the Sewer System, after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the Sewer System (the "Net Revenues"), and the Pledged Assets (as defined herein, which includes the Net Revenues) for payment of the Series 2026 Bonds. Payment of the Series 2026 Bonds is also secured by a statutory lien on the Pledged Assets. The Series 2026A Bonds and the Series 2026C Bonds are of equal standing on parity with all other Bonds (as defined herein) assumed, issued or incurred as Senior Lien Bonds under the Bond Ordinance and secured by a first lien on the Pledged Assets. The Series 2026B Bonds are of equal standing on parity with all other Bonds assumed, issued or incurred as Second Lien Bonds under the Bond Ordinance and secured by a second lien on the Pledged Assets. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Series 2026 Bonds are issued under Act 233 and Act 94. The Series 2026 Bonds are not a general obligation of the Authority and do not constitute indebtedness of the Authority within any constitutional or statutory limitation, but are 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 the Series 2026 Bonds is secured by a statutory lien on the Pledged Assets as described herein.

**Trustee**

U.S. Bank Trust Company, National Association will serve as the Trustee (the "Trustee") for the Series 2026 Bonds, and in such capacity will act as bond registrar and paying agent for the Series 2026 Bonds.

**Availability of Documents**

The descriptions and summaries of various Authority documents set forth in this Official Statement do not purport to be conclusive or definitive and reference is made to each such document for the complete details of all terms and conditions thereof. A summary of certain provisions of the Lease (as defined herein), the Bond Ordinance, the Water and Sewer Services Agreement (as defined herein), the Shared Services Agreement (as defined herein) and the 2018 MOU (as defined herein) as described herein are set forth in Appendices V, VI, VII, VIII and IX, respectively, attached hereto. All references herein to the Series 2026 Bonds, the Bond Ordinance, the 2026 Series Ordinance, the Lease, the Water and Sewer Services Agreement, the Shared Services Agreement and the 2018 MOU are qualified in their entirety by such documents, copies of which are available on GLWA's website at www.glwater.org or from the Underwriters prior to the execution and delivery of the Series 2026 Bonds and thereafter may be examined or obtained at the expense of the person requesting the same at the corporate trust office of the Trustee.

[*Remainder of page intentionally left blank*]

## PLAN OF FINANCING

| **Sources:** | **2026A** | **2026B** | **2026C** |
|---|---|---|---|
| Par Amount | $30,155,000.00 | $179,565,000.00 | $30,020,000.00 |
| Original Issue Premium | 3,476,039.90 | 20,334,519.35 | 1,935,481.00 |
| Amounts Released from Debt Service Accounts | 695,625.00 | 4,036,687.50 | - |
| **Total Sources** | **34,326,664.90** | **203,936,206.85** | **31,955,481.00** |
| | | | |
| **Uses:** | | | |
| Deposit to Escrow Fund for Refunded Bonds | $34,122,103.74 | $202,793,976.77 | - |
| Deposit to Regional Construction Fund | - | - | 31,760,000.00 |
| Costs of Issuance | 204,561.16 | 1,142,230.08 | 195,481.00 |
| **Total Uses** | **34,326,664.90** | **203,936,206.85** | **31,955,481.00** |

A portion of the proceeds of the Series 2026 Bonds will be deposited into the Regional Construction Fund to finance the costs of capital improvements to the Regional Sewer System.

A portion of the proceeds of the Series 2026 Bonds will be applied to the refunding and redemption of the Refunded Bonds, deposited into an escrow fund (the "Escrow Fund") and will be held as cash or invested in non-callable direct obligations of the United States, or obligations the payment of principal and interest on which is fully and unconditionally guaranteed by, the United States (collectively, "Government Obligations"). The Escrow Fund will be held by the corporate trust office of U.S. Bank Trust Company, National Association, Detroit, Michigan, as escrow trustee (the "Escrow Trustee") and will be used to pay the principal of and interest on the Refunded Bonds when due or called for redemption. The Escrow Fund will be held by the Escrow Trustee pursuant to an escrow agreement (the "Escrow Agreement"), which irrevocably directs the Escrow Trustee to make the payment of principal of and interest on the Refunded Bonds. The Escrow Fund will be such that the cash and the principal and interest payments received on the Government Obligations will be sufficient, without reinvestment, except as provided in the Escrow Agreement, to pay the principal of and interest on the Refunded Bonds as they become due or are called for redemption, as set forth in the Escrow Agreement.

The accuracy of the mathematical computations regarding the adequacy of the cash and the Government Obligations to be held in the Escrow Fund and used, together with the earnings thereon, to pay the principal of and interest on the Refunded Bonds when due or at call for redemption will be verified by Robert Thomas CPA, LLC based upon information supplied by the Financial Advisor.

[*Remainder of page intentionally left blank*]

## OUTSTANDING AUTHORITY INDEBTEDNESS

The following table sets forth information with respect to outstanding Sewage Disposal System Revenue Bonds.

| Sewage Disposal System Revenue Bonds | Original Principal Amount | Outstanding Principal Amount |
|---|---|---|
| **Senior Lien Bonds** | | |
| Sewage Disposal System Senior Lien Revenue Bonds, Series 2003B | $ 150,000,000 | $ 100,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2006D | $ 370,000,000 | $ 239,475,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2016B | $ 126,105,000 | $ 380,000 |
| Sewage Disposal System Revenue Senior Lien Bonds, Series 2018A | $ 81,595,000 | $ 72,560,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2018B | $ 131,690,000 | $ 113,485,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2020A | $ 594,930,000 | $ 286,610,000 |
| Sewage Disposal System Revenue Senior Lien Bonds, Series 2022A | $ 125,975,000 | $ 125,775,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2023A | $ 185,235,000 | $ 185,235,000 |
| Sewage Disposal System Revenue Senior Lien Bonds, Series 2023C | $ 96,860,000 | $ 96,860,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2024A | $ 347,305,000 | $ 305,435,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2025A | $ 104,280,000 | $ 104,280,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2026A | $ 30,155,000 | $ 30,155,000 |
| Sewage Disposal System Revenue Senior Lien Bonds, Series 2026C | $ 30,020,000 | $ 30,020,000 |
| | $ 2,374,150,000 | $ 1,590,370,000 |
| **Second Lien Bonds** | | |
| Sewage Disposal System Second Lien Revenue Bonds, Series 2001B | $ 110,550,000 | $ 53,710,000 |
| Sewage Disposal System Revenue Second Lien Bonds, Series 2005A | $ 273,355,000 | $ 100,000 |
| Sewage Disposal System Revenue Second Lien Bonds, Series 2006B | $ 250,000,000 | $ 100,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2020B | $ 92,525,000 | $ 50,730,000 |
| Sewage Disposal System Revenue Second Lien Bonds, Series 2022B | $ 71,990,000 | $ 71,775,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2023B | $ 14,965,000 | $ 14,965,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2024B | $ 40,260,000 | $ 35,650,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2025B | $ 283,300,000 | $ 283,300,000 |
| Sewage Disposal System Revenue Second Lien Bonds, Series 2025C | $ 47,470,000 | $ 47,470,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2026B | $ 179,565,000 | $ 179,565,000 |
| | $ 1,363,980,000 | $ 737,365,000 |
| **SRF Junior Lien Bonds** | | |
| Sewage Disposal System Revenue Bonds, Series 2007 SRF-1 | $ 167,540,598 | $ 37,970,598 |
| Sewage Disposal System Revenue Bonds, Series 2009 SRF-1 | $ 13,970,062 | $ 3,250,062 |
| Sewage Disposal System Revenue Bonds, Series 2010 SRF-1 | $ 4,214,763 | $ 1,235,763 |
| Sewage Disposal System Revenue Bonds, Series 2012 SRF-1 | $ 14,950,000 | $ 7,650,000 |
| Sewage Disposal System Revenue Bonds, Series 2015A SRF | $ 79,500,000 | $ 44,640,000 |
| Sewage Disposal System Revenue Bonds, Series 2015B SRF | $ 27,175,304 | $ 14,980,304 |
| Sewage Disposal System Revenue Bonds, Series 2015D SRF | $ 15,321,478 | $ 8,281,478 |
| Sewage Disposal System Revenue Bonds, Series 2016 SRF-1 | $ 15,463,628 | $ 10,183,628 |
| Sewage Disposal System Revenue Bonds, Series 2016 SRF-2 | $ 48,315,683 | $ 33,545,683 |
| Sewage Disposal System Revenue Bonds, Series 2017 SRF-1 | $ 33,566,682 | $ 23,346,682 |
| Sewage Disposal System Revenue Bonds, Series 2018 SRF-2 | $ 17,510,000 | $ 15,305,000 |
| Sewage Disposal System Revenue Bonds, Series 2020 SRF-1 | $ 28,350,000 | $ 24,780,000 |
| Sewage Disposal System Revenue Bonds, Series 2020 SRF-2 (1) | $ 3,232,000 | $ 2,685,000 |
| Sewage Disposal System Revenue Bonds, Series 2021 SRF-1 (1) | $ 12,940,000 | $ 11,290,000 |
| Sewage Disposal System Revenue Bonds, Series 2021 SRF-2 (1) | $ 6,881,250 | $ 6,266,250 |
| Sewage Disposal System Revenue Bonds, Series 2022 SRF-1 (1) | $ 34,195,000 | $ 31,145,000 |
| Sewage Disposal System Revenue Bonds, Series 2022 SRF-2 (1) | $ 50,245,000 | $ 46,015,000 |
| Sewage Disposal System Revenue Bonds, Series 2022 SRF-3 (1) | $ 19,035,000 | $ 17,430,000 |
| Sewage Disposal System Revenue Bonds, Series 2023 SRF-1 (1) | $ 88,820,000 | $ 88,820,000 |
| Sewage Disposal System Revenue Bonds, Series 2024 SRF-1 (1) | $ 126,800,000 | $ 126,800,000 |
| Sewage Disposal System Revenue Bonds, Series 2024 SRF-2 (1) | $ 155,000,000 | $ 155,000,000 |
| Sewage Disposal System Revenue Bonds, Series 2024 SRF-3 (1) | $ 60,500,000 | $ 60,500,000 |
| Sewage Disposal System Revenue Bonds, Series 2025 SRF-1 (1) | $ 8,944,000 | $ 8,944,000 |
| Sewage Disposal System Revenue Bonds, Series 2025 SRF-2 (1) | $ 60,418,000 | $ 60,418,000 |
| Sewage Disposal System Revenue Bonds, Series 2026 SRF-1 (1) | $ 90,710,550 | $ 90,710,550 |
| Sewage Disposal System Revenue Bonds, Series 2026 SRF-2 (1) | $ 25,000,000 | $ 25,000,000 |
| Sewage Disposal System Revenue Bonds, Series 2026 SRF-3 (1) | $ 14,390,000 | $ 12,519,300 |
| | $ 1,222,988,998 | $ 968,712,298 |
| **Total Sewage Disposal System Revenue Bonds** | $ 4,961,118,998 | $ 3,296,447,298 |

(1) Outstanding amount shown for loans that have not been fully disbursed is based on full authorized amount minus principal repaid.

# DEBT SERVICE REQUIREMENTS

The following table sets forth the Debt Service Installment Requirements, as defined under the Master Bond Ordinance, for the outstanding Senior Lien Bonds, Second Lien Bonds and SRF Junior Lien Bonds upon the issuance of the Series 2026 Bonds. In this schedule the debt service on outstanding SRF Junior Lien Bonds is computed in a manner that assumes all loans are currently fully drawn. Actual debt service for loans not yet fully drawn will be lower. The debt service for the outstanding SRF Junior Lien Bonds presented in projected financial information in Appendix II reflects the estimated draw schedules on active SRF Loans.

| | Senior Lien Bonds | | | | | | Second Lien Bonds | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Senior Lien Bonds, Series 2026A/C | | | | | | Second Lien Bonds, Series 2026B | | | | | |
| Fiscal Year Ended June 30[(1)] | Outstanding Senior Lien Debt Service[(3)] | Less: Refunded Debt Service | Principal | Interest | Total | Total Senior Lien Debt Service[(3)] | Outstanding Second Lien Debt Service | Less: Refunded Debt Service | Principal | Interest | Total | Total Second Lien Debt Service | Outstanding SRF Junior Lien Debt Service [(2)] | Total System Debt Service[(2)(3)] |
| 2026[(4)] | 153,760,102 | (139,125) | - | 253,908 | 253,908 | 153,874,885 | 56,637,567 | (807,338) | - | 748,188 | 748,188 | 56,578,417 | 47,014,741 | 257,468,043 |
| 2027 | 161,441,410 | (2,074,500) | - | 3,046,900 | 3,046,900 | 162,413,810 | 60,283,109 | (10,068,050) | - | 8,978,250 | 8,978,250 | 59,193,309 | 51,710,513 | 273,317,632 |
| 2028 | 159,050,691 | (1,649,250) | - | 3,046,900 | 3,046,900 | 160,448,341 | 60,060,659 | (9,669,050) | - | 8,978,250 | 8,978,250 | 59,369,859 | 56,515,356 | 276,333,556 |
| 2029 | 160,035,604 | (1,649,250) | - | 3,046,900 | 3,046,900 | 161,433,254 | 53,942,434 | (9,669,050) | - | 8,978,250 | 8,978,250 | 53,251,634 | 65,354,470 | 280,039,358 |
| 2030 | 149,654,570 | (5,614,250) | 4,410,000 | 3,046,900 | 7,456,900 | 151,497,220 | 65,640,434 | (41,944,050) | 29,470,000 | 8,978,250 | 38,448,250 | 62,144,634 | 62,500,945 | 276,142,798 |
| 2031 | 152,867,605 | (4,281,000) | 3,015,000 | 2,826,400 | 5,841,400 | 154,428,005 | 64,545,934 | (10,720,300) | - | 7,504,750 | 7,504,750 | 61,330,384 | 60,168,732 | 275,927,120 |
| 2032 | 166,595,283 | (1,309,500) | 5,000 | 2,675,650 | 2,680,650 | 167,966,433 | 51,113,184 | (8,277,050) | - | 7,504,750 | 7,504,750 | 50,340,884 | 62,508,540 | 280,815,856 |
| 2033 | 162,110,929 | (3,069,500) | 2,235,000 | 2,675,400 | 4,910,400 | 163,951,829 | 55,547,684 | (12,654,300) | 1,655,000 | 7,504,750 | 9,159,750 | 52,053,134 | 62,572,280 | 278,577,243 |
| 2034 | 85,794,641 | (25,651,500) | 24,925,000 | 2,563,650 | 27,488,650 | 87,631,791 | 136,127,934 | (26,959,300) | 16,045,000 | 7,422,000 | 23,467,000 | 132,635,634 | 62,579,197 | 282,846,622 |
| 2035 | 41,038,426 | - | 525,000 | 1,317,400 | 1,842,400 | 42,880,826 | 180,877,634 | (18,944,500) | 8,830,000 | 6,619,750 | 15,449,750 | 177,382,884 | 61,955,473 | 282,219,183 |
| 2036 | 39,516,073 | - | 545,000 | 1,291,150 | 1,836,150 | 41,352,223 | 183,707,791 | (133,234,500) | 123,565,000 | 6,178,250 | 129,743,250 | 180,216,541 | 58,380,346 | 279,949,110 |
| 2037 | 146,334,620 | - | 735,000 | 1,263,900 | 1,998,900 | 148,333,520 | 6,501,931 | - | - | - | - | 6,501,931 | 53,892,377 | 208,727,828 |
| 2038 | 139,606,120 | - | 775,000 | 1,227,150 | 2,002,150 | 141,608,270 | 11,475,431 | - | - | - | - | 11,475,431 | 53,583,648 | 206,667,349 |
| 2039 | 145,094,222 | - | 810,000 | 1,188,400 | 1,998,400 | 147,092,622 | 7,343,681 | - | - | - | - | 7,343,681 | 50,526,648 | 204,962,951 |
| 2040 | 46,305,445 | - | 850,000 | 1,147,900 | 1,997,900 | 48,303,345 | 7,366,635 | - | - | - | - | 7,366,635 | 47,754,936 | 103,424,915 |
| 2041 | 50,223,571 | - | 895,000 | 1,105,400 | 2,000,400 | 52,223,971 | 8,828,760 | - | - | - | - | 8,828,760 | 47,757,798 | 108,810,529 |
| 2042 | 50,230,661 | - | 940,000 | 1,060,650 | 2,000,650 | 52,231,311 | 8,826,711 | - | - | - | - | 8,826,711 | 47,609,147 | 108,667,169 |
| 2043 | 48,682,970 | - | 985,000 | 1,013,650 | 1,998,650 | 50,681,620 | 10,348,200 | - | - | - | - | 10,348,200 | 43,141,671 | 104,171,490 |
| 2044 | 48,463,959 | - | 1,035,000 | 964,400 | 1,999,400 | 50,463,359 | 10,352,902 | - | - | - | - | 10,352,902 | 40,331,748 | 101,148,009 |
| 2045 | 24,601,213 | - | 1,090,000 | 912,650 | 2,002,650 | 26,603,863 | 8,115,975 | - | - | - | - | 8,115,975 | 37,196,569 | 71,916,406 |
| 2046 | 24,604,438 | - | 1,140,000 | 858,150 | 1,998,150 | 26,602,588 | 8,122,750 | - | - | - | - | 8,122,750 | 37,194,925 | 71,920,262 |
| 2047 | 24,607,813 | - | 1,200,000 | 801,150 | 2,001,150 | 26,608,963 | 8,129,838 | - | - | - | - | 8,129,838 | 33,161,364 | 67,900,164 |
| 2048 | 17,033,750 | - | 1,260,000 | 738,150 | 1,998,150 | 19,031,900 | 15,620,900 | - | - | - | - | 15,620,900 | 27,925,000 | 62,577,800 |
| 2049 | 11,657,338 | - | 1,330,000 | 672,000 | 2,002,000 | 13,659,338 | 15,623,725 | - | - | - | - | 15,623,725 | 15,384,412 | 44,667,475 |
| 2050 | 11,657,763 | - | 1,400,000 | 602,175 | 2,002,175 | 13,659,938 | 15,626,350 | - | - | - | - | 15,626,350 | 8,276,613 | 37,562,900 |
| 2051 | 11,662,725 | - | 1,470,000 | 528,675 | 1,998,675 | 13,661,400 | 15,631,850 | - | - | - | - | 15,631,850 | 6,974,025 | 36,267,275 |
| 2052 | 11,670,650 | - | 1,550,000 | 451,500 | 2,001,500 | 13,672,150 | 15,638,025 | - | - | - | - | 15,638,025 | 3,049,538 | 32,359,713 |
| 2053 | 6,614,963 | - | 1,630,000 | 370,125 | 2,000,125 | 8,615,088 | 3,217,675 | - | - | - | - | 3,217,675 | 3,051,013 | 14,883,775 |
| 2054 | - | - | 1,715,000 | 284,550 | 1,999,550 | 1,999,550 | 3,221,975 | - | - | - | - | 3,221,975 | 3,053,975 | 8,275,500 |
| 2055 | - | - | 1,805,000 | 194,513 | 1,999,513 | 1,999,513 | 3,217,750 | - | - | - | - | 3,217,750 | 3,052,138 | 8,269,400 |
| 2056 | - | - | 1,900,000 | 99,750 | 1,999,750 | 1,999,750 | - | - | - | - | - | - | 3,051,787 | 5,051,537 |
| 2057 | - | - | - | - | - | - | - | - | - | - | - | - | 3,055,400 | 3,055,400 |
| 2058 | - | - | - | - | - | - | - | - | - | - | - | - | 764,138 | 764,138 |
| | $ 2,250,917,550 | $ (45,437,875) | $ 60,175,000 | $ 41,275,996 | $ 101,450,996 | $ 2,306,930,671 | $ 1,151,695,425 | $ (282,947,488) | $ 179,565,000 | $ 79,395,438 | $ 258,960,438 | $ 1,127,708,375 | $ 1,221,049,462 | $ 4,655,688,508 |

(1) Debt Service Installment Requirements calculated as defined in the Master Bond Ordinance; July 1 payments are included in the prior fiscal year
(2) Outstanding SRF Junior Lien Bonds schedule assumes loans are currently fully drawn; In cases where SRF loans are not yet fully drawn, debt service will be lower
(3) Interest on unhedged Senior Series 2006D (Tax-Exempt Floating Rate) estimated at 3.47703% which was the average interest rate over the period beginning June 1, 2025 and May 31, 2026
(4) FY 2026 payments represent full fiscal year of payments

## THE SERIES 2026 BONDS

### General

The Series 2026 Bonds are being issued by the Authority and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. The Series 2026 Bonds will bear interest from their date of delivery until maturity or prior redemption, payable semiannually on January 1 and July 1 of each year commencing January 1, 2027 at the respective interest rates set forth on the inside cover of this Official Statement. The Series 2026 Bonds will be issued as fully registered bonds in denominations of $5,000 and integral multiples thereof.

### Optional Redemption

The Series 2026C Bonds maturing on or after July 1, 2036 are subject to redemption at the option of the Authority on any date on or after January 1, 2036 in whole or in part, and if in part from such maturities as the Authority determines, at par, plus accrued interest to the redemption date.

### Mandatory Redemption

The following Series 2026 Bonds which are term bonds (the "Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof to be redeemed on July 1 in the years and amounts as follows:

$6,660,000 Series 2026C Bonds Maturing on July 1, 2051

| Year | Amount |
|---|---|
| 2047 | $1,200,000 |
| 2048 | 1,260,000 |
| 2049 | 1,330,000 |
| 2050 | 1,400,000 |
| 2051* | 1,470,000 |

*Maturity

$8,600,000 Series 2026C Bonds Maturing on July 1, 2056

| Year | Amount |
|---|---|
| 2052 | $1,550,000 |
| 2053 | 1,630,000 |
| 2054 | 1,715,000 |
| 2055 | 1,805,000 |
| 2056* | 1,900,000 |

*Maturity

Whenever any Term Bond is redeemed at the option of the Authority, the principal amount thereof so redeemed shall be credited against the unsatisfied balance of future sinking fund installments or final maturity amount established with respect to such Term Bond, in such amounts and against such installments or final maturity amount as shall be determined by the Authority in the proceedings authorizing such optional redemption or, in the absence of such determination, shall be credited pro-rata against the unsatisfied balance of the applicable sinking fund installments and final maturity amount.

On or prior to the 60th day preceding any sinking fund installment date, the Authority may purchase Term Bonds that are subject to mandatory redemption on such sinking fund installment date, at such prices (not exceeding par plus accrued interest) as the Authority shall determine. Any Term Bond so purchased shall be cancelled and the principal amount thereof so purchased shall be credited against the unsatisfied balance of the next ensuing sinking fund installment of the Term Bonds of the same series, maturity and interest rate as the Term Bond so purchased.

**Redemption Procedures**

*Notice of Redemption*

Under the Ordinance, the Trustee will mail, by first class mail, as specified in the Ordinance, a notice of redemption to the Holders of the Series 2026 Bonds to be redeemed at least 30 and not more than 60 days prior to the redemption date. If any optional redemption is to be made under the Ordinance with funds that the Authority expects to receive between the time of the giving of such notice and the redemption date, the notice will expressly condition such redemption on timely receipt of such funds. The failure of any Bondholder to receive any such notice or any defect in such notice with respect to any Series 2026 Bond or portion thereof will not affect the validity of any proceedings for the redemption of any Series 2026 Bonds.

*Selection of Bonds to be Redeemed*

When Series 2026 Bonds are to be redeemed in part, the Authority shall specify to the Trustee the Series designation, maturity, and Original Issue Date of the Bonds from which Series 2026 Bonds or portions of Series 2026 Bonds to be redeemed shall be selected. Subject to the Authority's specification, the particular Series 2026 Bonds or portions of Series 2026 Bonds to be redeemed will be selected by the Trustee by lot or in such other manner as the Trustee in its discretion may deem fair, provided that (i) if only a portion of any Series 2026 Bond is to be redeemed, the principal amount of the portion remaining Outstanding will be equal to $5,000 or an integral multiple of $5,000 and (ii) in selecting Series 2026 Bonds for redemption, the Trustee will treat each Series 2026 Bond as representing that number of Series 2026 Bonds that is obtained by dividing the principal amount of such Series 2026 Bond by $5,000.

**Replacement Bonds**

In the event that the book-entry-only system is discontinued, the Trustee will authenticate and make available for delivery replacement Series 2026 Bonds in the form of fully registered bond certificates. In addition, the following provisions would apply: (i) principal of and redemption premium, if any, on the Series 2026 Bonds will be payable in lawful money of the United States of America at the corporate trust office of the Trustee or such other office as may be designated by the Authority; (ii) interest on the Series 2026 Bonds will be payable by check or draft mailed to the registered owners thereof or, upon five days written notice to the Trustee given by a Registered Owner of a Series 2026 Bonds in an aggregate principal amount of at least $100,000, by wire transfer of funds to a bank account in the United States designated by such Registered Owner; and (iii) interest on the Series 2026 Bonds will be payable by check or draft to the Registered Owners whose names appear on the registration books of the Trustee as of the close of business on the fifteenth day of the calendar month immediately preceding the applicable interest payment date, all as provided more particularly in the Bond Ordinance ("Registered Owners").

**Book-Entry Only System**

The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered bond will be issued for the Series 2026 Bonds of each series and maturity in aggregate principal amount of such maturity and will be deposited with DTC. A description of the DTC procedures is set forth in APPENDIX XIV.

**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

Pursuant to the provisions of Act 94, all DWSD Water Bonds assumed by GLWA under the Bond Ordinance and all Additional Bonds issued and to be issued by GLWA under the Bond Ordinance, including the Series 2026 Bonds (the DWSD Water Bonds and all such Additional Bonds, together with Reimbursement Obligations and Junior Lien Reimbursement Obligations, collectively the "Bonds"), are payable solely from the Pledged Assets, which include the Net Revenues of the Sewer System and amounts available in certain funds and accounts established in accordance with the Bond Ordinance. **The Bonds are secured by a statutory lien on the Pledged Assets pursuant to Act 94 and the Bond Ordinance. The Series 2026 Bonds are payable solely from the Pledged Assets as security for the Series 2026 Bonds in the Bond Ordinance, including the funds and accounts established under the Bond Ordinance for the benefit of the Series 2026 Bonds. The Bonds are self-liquidating revenue bonds and are not general obligations of GLWA and do not constitute an indebtedness of GLWA within any constitutional or statutory limitation, but are payable solely from the Pledged Assets.**

The Bond Ordinance amends, restates and incorporates certain material provisions of Ordinance No. 01-05 and the related Trust Indenture of the City relating to the DWSD Water Bonds for the efficient administration of the Regional Sewer System, the assumption of the DWSD Water Bonds, and the issuance of Additional Bonds to finance additional costs of extensions, additions and improvements to the Regional Sewer System and the Local Sewer System, which may be secured by parity or subordinate lien interests in the Net Revenues with the DWSD Water Bonds and with the Additional Bonds issued and to be issued by GLWA. For a summary of the Bond Ordinance, see APPENDIX VIII – SUMMARY OF THE BOND ORDINANCE.

**Pledged Assets**

"Pledged Assets" under the Bond Ordinance consist of:

> Net Revenues;
>
> The funds and accounts established by or pursuant to the Bond Ordinance except for the Operation and Maintenance Fund, the Construction Fund and the Rebate Fund and any account thereof; and
>
> Investments of amounts or any income or gain realized therefrom credited to any fund, account or subaccount that is a Pledged Asset.

"*Revenues*" are defined in the Bond Ordinance as the revenues, including the Retail Revenues, of GLWA from the Sewer System (construed in accordance with Act 94) and include (a) amounts received from a Swap Provider under a Swap Agreement, including amounts payable upon termination thereof, (b) income earned and gains realized from the investment of amounts in the various funds, accounts and sub-accounts established by the Bond Ordinance (other than the Construction Fund for any Fiscal Year in which earnings on the Construction Fund are not credited to the Receiving Fund) and (c) all monies collected directly or indirectly by GLWA or by the City, as agent of GLWA, under the Water and Sewer Services Agreement, and deposited or to be deposited into the Receiving Fund pursuant to the Bond Ordinance. The Authority currently has no Swap Agreements outstanding.

"*Net Revenues*" are defined in the Bond Ordinance as all Revenues except for those transferred to the Operation and Maintenance Fund.

Under the Bond Ordinance, the Pledged Assets for the Bonds consisting of the trust estate (the "Trust Estate") are pledged to the Trustee for the payment of the Bonds (including the DWSD Water Bonds) in accordance with the terms and provisions of Act 94 and the Bond Ordinance and any Series Ordinance relating to a Series of Bonds. This pledge was valid and binding from and after the Effective Date, and the Pledged Assets were immediately subject to the lien of such pledge without any physical delivery thereof, recordation of the Bond Ordinance or further act, and the lien of such pledge was and is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against GLWA, regardless of whether such parties have notice thereof.

**Flow of Funds**

Under the Bond Ordinance, in accordance with the requirements of Act 94 and the Lease, GLWA has established certain funds and accounts for the Sewer System to be held in trust by the Trustee. The Bond Ordinance permits the establishment of additional funds for additional priorities of GLWA Bonds.

In accordance with the terms of Act 94 and the Bond Ordinance, all Revenues of the Sewer System shall be deposited with the Trustee and, with the exception of Revenues transferred to the GLWA Regional Operation and Maintenance Account or the Detroit Local Operation and Maintenance Account of the Operation and Maintenance Fund as directed by GLWA as provided in the Bond Ordinance, held in trust pursuant to the terms of the Bond Ordinance.

As of the first day of each month (or, in the case of the transfer, if any, to the respective Reserve Account, following the annual July 1st valuation of investments in such Bond Reserve Account, pursuant to the Bond Ordinance), amounts credited to the Receiving Fund, including any Lease Payment (which is to be applied to the Fund(s) and Account(s) designated by the City pursuant to the Lease) shall be transferred seriatim into the following funds and accounts but only within the respective limitations and only if the maximum amount within such limitation has been credited to the preceding fund or account:

> <u>First</u>: to the Authority Regional Operation and Maintenance Account and the Detroit Local Operation and Maintenance Account of the Operation and Maintenance Fund, one twelfth of the then current Fiscal Year's Operation and Maintenance Expenses of the Regional Sewer System and the Local Sewer System, respectively, as determined by GLWA and certified to the Trustee by an Authorized Officer as sufficient to provide for the payment of the next month's expenses of administration and operation of the Regional Sewer System and the Local Sewer System, respectively, and such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order;
>
> <u>Second</u>: to the Senior Lien Bond Debt Service Account, an amount that, when added to all other amounts then on deposit therein, shall equal the Debt Service Installment Requirement for Senior Lien Bonds as of the first day of such month;

Third: following the annual July 1st valuation of investments in the Senior Lien Bond Reserve Account pursuant to the Bond Ordinance, to the Senior Lien Bond Reserve Account, an amount, if any, that when added to all other amounts then on deposit therein shall equal the Reserve Requirement, if any, for Senior Lien Bonds;

Fourth: to the Bond Interest and Redemption Fund established for each Priority of Lien of Junior Lien Bonds, beginning with the Second Lien Bonds and continuing in descending order of priority to, and including, each Priority of Lien of Junior Lien Bonds, as follows:

> *First*: to the Debt Service Account established for such Priority of Lien, an amount that, when added to amounts then on deposit in such account, shall equal the Debt Service Installment Requirement for Junior Lien Bonds of such Priority of Lien as of the first day of such month; and
>
> *Second*: following the annual July 1 valuation of investments in the Reserve Accounts pursuant to the Bond Ordinance, to the Reserve Account, if any, established for such Priority of Lien, an amount that, when added to amounts then on deposit in such account, shall equal the Reserve Requirement, if any, for such Priority of Lien of Junior Lien Bonds;

Fifth: except as provided in the Bond Ordinance with respect to the initial deposit to the Pension Obligation Payment Fund, to the extent Pension Junior Lien Bonds are not issued, to the Pension Obligation Payment Fund an amount that equals one twelfth of the Required Annual GRS Payment (defined herein) and one twelfth of the BC Note Obligation (defined herein) at the written direction of an Authorized Officer to the Trustee;

Sixth: except as provided in the Bond Ordinance with respect to the initial deposit to the WRAP Fund, to the WRAP Fund, one twelfth of the amount to be deposited therein for the current Fiscal Year as directed in writing by an Authorized Officer to the Trustee;

Seventh: except as otherwise provided in the Bond Ordinance with respect to deposits that were made through 2018, for all Fiscal Years thereafter one twelfth of an amount that when added to amounts then on deposit in the Budget Stabilization Fund shall equal the Budget Stabilization Requirement, at the written direction of an Authorized Officer to the Trustee;

Eighth: to the Extraordinary Repair and Replacement Reserve Fund, the amount of the Extraordinary Repair and Replacement Minimum Requirement to the extent that the balance thereof is less than the Extraordinary Repair and Replacement Maximum Requirement; and

Ninth: at the written direction of an Authorized Officer to the Trustee, to the Authority Improvement and Extension Account and the Detroit Local Improvement and Extension Account of the Improvement and Extension Fund, such amounts as GLWA may deem advisable for the Regional Sewer System and Local Sewer System; provided that no amount shall be deposited in either such account for so long as a withdrawal from the Extraordinary Repair and Replacement Reserve Fund remains unpaid.

In any month, funds on deposit in the Receiving Fund in excess of the requirements set forth above may, upon the direction of GLWA, be transferred to the Improvement and Extension Fund (provided that no amount shall be deposited to the Improvement and Extension Fund or credited thereto for so long as a withdrawal from the Extraordinary Repair and Replacement Reserve Fund remains unpaid).

Any amounts remaining in the Receiving Fund as of the last day of each Fiscal Year shall be applied against future years' Revenue deposit obligations under the Bond Ordinance, unless directed by GLWA within thirty (30) days of completion of the Fiscal Year's audited financial statements to be deposited in the Surplus Fund. See summary flow of funds diagram below.

The Authority reduced the Reserve Requirement for the Senior Lien Bonds and the Second Lien Bonds to zero, and no funds will be deposited into the respective Bond Reserve Account for as long as the respective Reserve Requirement remains at zero. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Reserve Accounts and Reserve Requirements Reduction."

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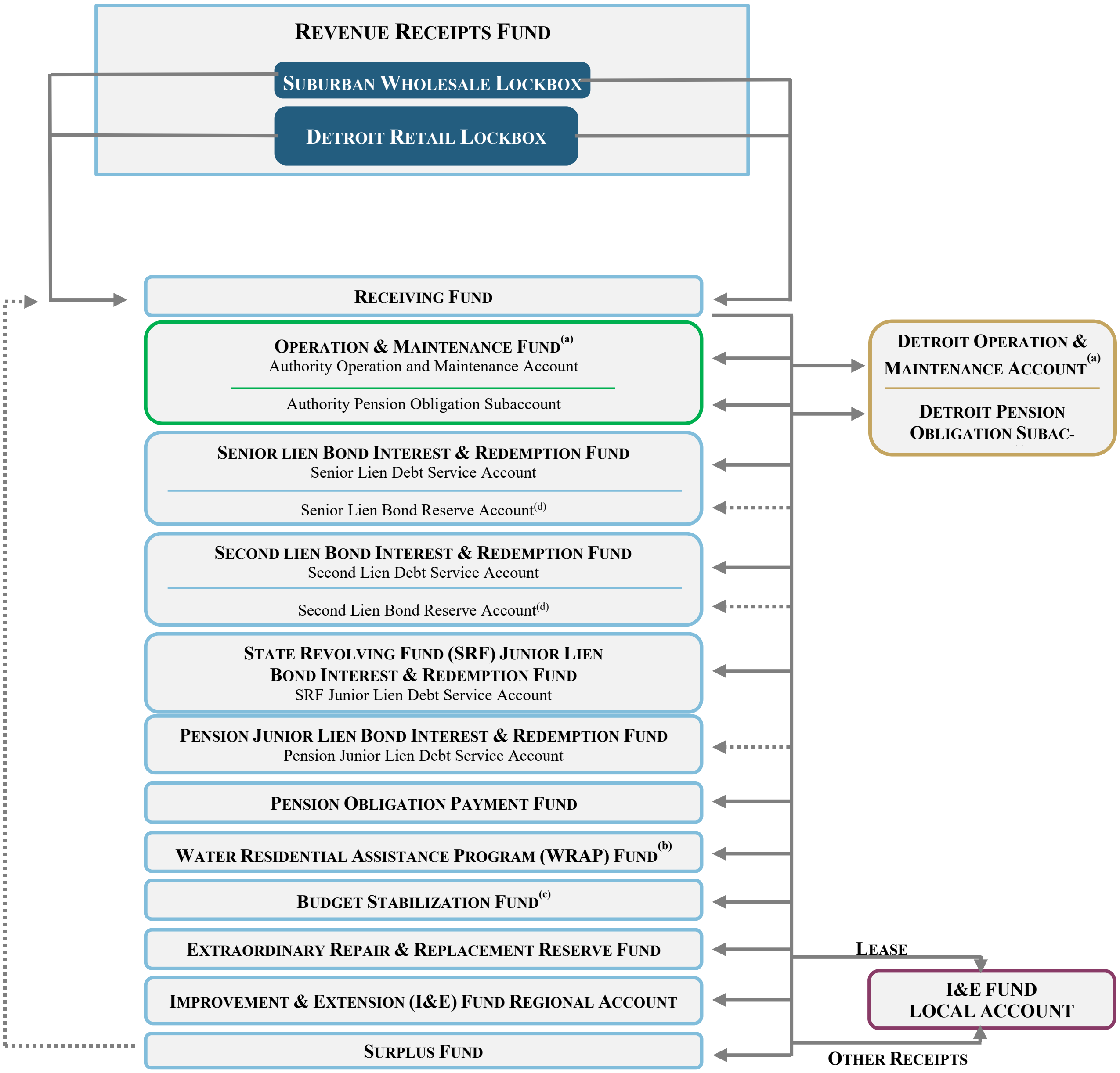
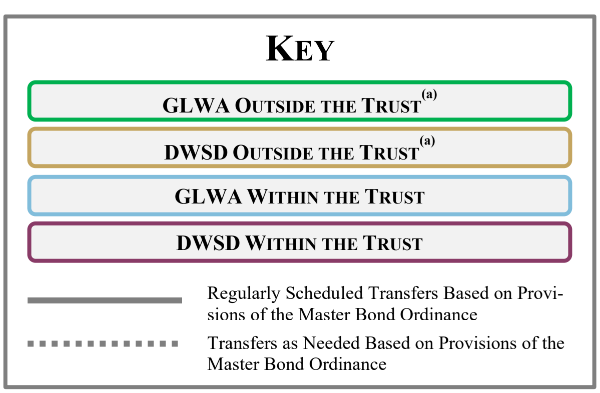
## Summary of the Flow of Funds




[a] *Except for these funds, all other funds are held in Trust by the Trustee.*
[b] *Disbursing fund for WRAP.*
[c] *For the Detroit Local Systems per Section 515 of the Master Bond Ordinance.*
[d] *Reserve Requirement is zero.*

**Priority of Lien**

The Bonds are secured under the Bond Ordinance in accordance with their relative Priority of Lien by a statutory lien on the Pledged Assets (each of such relative priorities hereinafter referred to as a "Priority of Lien"), as described below.

> Senior Lien Sewage Disposal System Revenue Bonds (the "Senior Lien Bonds") are secured by a first lien on the Pledged Assets and rank first in the order of payment from Net Revenues.
>
> Second Lien Sewage Disposal System Revenue Bonds (the "Second Lien Bonds") are secured by a lien on the Pledged Assets second only to the Senior Lien Bonds and rank second in order of payment from Net Revenues; and
>
> Other Junior Lien Sewage Disposal System Revenue Bonds (the "SRF Junior Lien Bonds") have a lien subordinate to the lien of all Senior Lien Bonds and Second Lien Bonds and rank last in order of payment from Net Revenues.

**Rate Covenant**

Under the Bond Ordinance, the Authority covenants that the rates shall be fixed and revised from time to time as may be expected to be necessary to produce the greater of:

> The amounts required: (1) to provide for the payment of the Operation and Maintenance Expenses of the Sewer System; and (2) to provide for the payment of all Debt Service Installment Requirements coming due during the Fiscal Year of calculation; and (3) to provide for the creation and maintenance of reserves therefor as required by the Bond Ordinance; and (4) to provide for the payment of the Lease Payment; and (5) to provide for the deposit to the WRAP Fund; and (6) to repay any withdrawals from the Extraordinary Repair and Replacement Fund; and (7) to provide for such other expenditures and funds for the Sewer System as the Bond Ordinance may require;
>
> Amounts so that the Rate Covenant Debt Service Coverage shall not be less than the Required Coverage; and
>
> Amounts required by Act 94.

The "Rate Covenant Debt Service Coverage" means, for purposes of the rate covenant in the Bond Ordinance and for each Priority of Lien, a number equal to Projected Net Revenues for the Fiscal Year of calculation divided by the aggregate Debt Service Installment Requirements on Bonds for such Fiscal Year, net of funds on hand representing capitalized interest, all for such Priority of Lien and any higher Priority of Lien.

Under Act 94, rates must be fixed and revised as necessary to comply with the Bond Ordinance. The Authority has covenanted at all times to fix and maintain charges for services furnished by the Sewer System as shall be sufficient to provide for the foregoing. Act 94 also provides that the Sewer System charges are not subject to supervision or regulation by any State bureau, board, commission or like agency or instrumentality of the State.

The coverage requirements for determining the Required Coverage under the Bond Ordinance are the following percentages:

| Priority of Lien of Bonds | Percentage |
|---|---|
| Senior Lien Bonds | 120% |
| Second Lien Bonds | 110% |
| SRF Junior Lien Bonds and Pension Junior Lien Bonds | 100% |

The Authority's management team utilizes a ten-year forecast, which is updated at both the beginning of the annual budget cycle and after the annual budget is adopted, to manage debt service coverage levels. The key budgetary decision-making parameter is driven by demonstrating a forecasted debt service coverage at levels higher than the Required Coverage for all lien priorities under the Bond Ordinance as described above. While these targets above the required minimum have not been formally established as policy positions, the debt service coverage levels are designed to achieve long-term financial sustainability and stability objectives. Notwithstanding the covenant to impose rates, fees and charges contained in the Bond Ordinance, under Michigan law, rates established by GLWA must be reasonable and nondiscriminatory and are subject to review by the courts in that regard. In establishing its service charges, the actions of GLWA are presumed by the courts to be reasonable, but the rates must not be arbitrary, discriminatory or excessive. Consequently, the rates established by GLWA pursuant to the Bond Ordinance could be subject to challenges alleging that such charges are arbitrary, discriminatory or excessive.

The ability to pay debt service on the Series 2026 Bonds depends on the ability to generate Net Revenues that meet the levels required by the Bond Ordinance. Although the Bond Ordinance contains a covenant to impose rates, fees and charges and GLWA expects that sufficient Net Revenues will be generated through the imposition and collection of such rates, fees and charges and other Net Revenues described herein, there is no assurance that Net Revenues will be generated in the amounts required by the Bond Ordinance. The Bond Ordinance covenants do not constitute a guarantee that sufficient Net Revenues will be available to pay debt service on the Series 2026 Bonds.

**Issuance of Additional Bonds**

Under the Bond Ordinance, prior to or concurrently with the issuance of Additional Bonds of any Priority of Lien, GLWA shall calculate a number equal to Projected Net Revenues in the then current or the next succeeding Fiscal Year, or Historical Net Revenues, all as determined by GLWA, divided by Maximum Annual Debt Service for such Priority of Lien and any higher Priority of Lien (the "Additional Bonds Debt Service Coverage"). GLWA may elect to determine Additional Bonds Debt Service Coverage on the basis of Projected Net Revenues or Historical Net Revenues. GLWA is authorized to issue Additional Bonds on parity with the Series 2026 Bonds for the purposes set forth in the Bond Ordinance if, but only if, GLWA certifies that the Additional Bonds Debt Service Coverage for each Priority of Lien (regardless of the Priority of Lien of the Additional Bonds) is not less than the Required Coverage. The determination in a Series Ordinance that the Additional Bonds Debt Service Coverage for each Priority of Lien is not less than the Required Coverage shall be conclusive.

Alternatively, GLWA may issue Additional Bonds of any Priority of Lien for refunding outstanding Bonds if the aggregate Debt Service Installment Requirements in the current Fiscal Year and each Fiscal Year until maturity on the Additional Bonds and all outstanding unrefunded Bonds of equal and higher Priority of Lien after giving effect to the refunding, is less than the aggregate Debt Service Installment Requirements in the current Fiscal Year and each Fiscal Year thereafter until maturity on all Bonds of equal and higher Priority of Lien without giving effect to the refunding. See APPENDIX VIII - SUMMARY OF THE BOND ORDINANCE.

**Bond Reserve Accounts and Reserve Requirements Reduction**

Pursuant to the Bond Ordinance, there has been established a Senior Lien Bond Reserve Account and a Second Lien Bond Reserve Account. Such Bond Reserve Accounts are held by the Trustee under and pursuant to the Bond Ordinance. SRF Junior Lien Bonds have not been secured by any Reserve Account. Amounts in a Bond Reserve Account have been pledged solely for the payment of the principal (and premium, if any) of and interest on Bonds of the same Priority of Lien for which such Bond Reserve Account was established. The Bond Ordinance also permits a Bond Reserve Account to be established on a series-specific basis pursuant to the Series Ordinance authorizing such series.

Pursuant to a 2020 amendment to the Bond Ordinance, the Authority has the option to reduce or eliminate the Reserve Requirement for the Senior Lien Bonds and/or the Second Lien Bonds, as the case may be, if the Senior Lien Bonds are rated "Aa3", "AA-", "AA-" or higher from at least two of Moody's, S&P, and Fitch, respectively, and the Authority obtains confirmation that such ratings will not be reduced solely as a result of the change in the Reserve Requirement for such Bonds. The Authority exercised this option and reduced to zero the Reserve Requirement for the Senior Lien Bonds and the Second Lien Bonds, respectively, upon the issuance of Bonds in 2024 (the "Series 2024 Bonds") and satisfaction of the requirements under the Bond Ordinance. The Authority achieved the requisite ratings threshold and obtained the requisite confirmation that such ratings would not be reduced as a result of the reduction of the Reserve Requirements to zero. In connection with the reduction of the Reserve Requirement to zero upon the issuance of the Series 2024 Bonds, all the investments were liquidated and the resulting cash in the Bond Reserve Accounts was released.

The coverage of some of the surety bonds was terminated as a result of the reduction of the Reserve Requirements to zero. However, the Authority intends to maintain surety bonds that were not automatically terminated in accordance with their respective terms. There can be no assurance that any surety bonds that remain will be maintained and available as a source of payment for the Series 2026 Bonds or any other Bonds.

**Remedies**

Upon the occurrence and continuance of any Event of Default under the Bond Ordinance, the Trustee may, or upon the request of the Holders of not less than 20% in principal amount of the Outstanding Bonds shall, proceed in its own name, to protect and enforce its rights and the rights of the Bondholders, by suit, action, or other proceedings, and to protect and enforce the statutory lien on the Net Revenues and enforce and compel the performance of all duties of the officials of the Authority as set forth in the Bond Ordinance. See APPENDIX VIII – SUMMARY OF THE BOND ORDINANCE.

The remedies available under the Bond Ordinance upon the occurrence of an Event of Default are in many respects dependent upon judicial actions, which are often subject to substantial discretion and delay. Additionally, under State constitutional and statutory law and judicial decisions concerning remedies, certain of these remedies may be limited, or may not be readily available or enforceable. The enforceability of remedies or rights with respect to the Series 2026 Bonds and the Bond Ordinance also is limited by State and federal bankruptcy, reorganization, insolvency, sovereign immunity, moratorium and other similar laws regarding creditors' rights or remedies currently in effect and may be limited by such laws hereafter enacted.

## THE GREAT LAKES WATER AUTHORITY

The Great Lakes Water Authority is the regional utility providing water and sewer services in southeast Michigan. GLWA operates as the largest regional water and sewer utility in the State of Michigan. GLWA serves communities and districts under wholesale source contracts and provides services to retail customers in the City of Detroit (the "Detroit Retail Customer class") under the terms of the Water and Sewer Services Agreement (as defined herein).

GLWA was incorporated by the City and the Counties of Macomb, Oakland and Wayne (the "Counties") on November 26, 2014 pursuant to Michigan's Act 233 of 1955. At the time of GLWA's incorporation, the City, through its Detroit Water and Sewerage Department ("DWSD" or the "Department"), was providing water supply services within and outside of the City through a water supply system (the "Water System") and drainage and sewage disposal services within and outside of the City through a sewage disposal system (the "Sewer System").

On June 12, 2015, the City and GLWA executed a Regional Sewer System Lease (the "Lease"), a Regional Water System Lease (the "Water Lease" and together with the Lease, the "Leases") and a Water and Sewer Services Agreement (the "Water and Sewer Services Agreement"), and as of December 1, 2015, the City and GLWA executed a Shared Services Agreement (the "Shared Services Agreement"). The foregoing agreements became effective on January 1, 2016 (the "Effective Date"), at which time GLWA, pursuant to the Leases, assumed possession and control of the regional wholesale assets of both the water supply and sewage disposal systems owned by the City and became responsible for the debt obligations of the City relating to the Sewer System, including the payment of all DWSD Sewer Bonds (as defined herein), through the substitution of GLWA for the City as the sole obligor on the DWSD Water Bonds, the assignment to GLWA of all of the revenues of the Sewer System, and the assumption by GLWA of the DWSD Water Bonds.

Pursuant to the Lease, GLWA acquired, and the City absolutely and irrevocably assigned, transferred and conveyed to GLWA, (i) all of the City's right, title and interest in and to the Revenues (as defined herein), including the Retail Revenues (as defined herein), in existence on the Effective Date, and (ii) all of the City's right, title and interest in and to the Revenues, including Retail Revenues, derived from operation of the Sewer System on and after the Effective Date and through the end of the term of the Lease. Part of the consideration for the Lease is a lease payment to the City of $27,500,000 per year, to be funded from the revenue requirements for the Regional Sewer System.

GLWA operates the portion of the Sewer System (the "Regional Sewer System") that provides service to the wholesale customers thereof and to the Retail Sewer Customers (as defined herein) up to the point of connection to the Local Sewer System (as defined herein) and the portion of the Water System (the "Regional Water System" and, together with the Regional Sewer System, the "Regional Systems") that provides service to the wholesale customers thereof and to the Retail Water Customers (as defined herein) up to the point of connection to the Local Water System (as defined herein).

The Authority's customers include communities and districts served via wholesale service contracts and the City of Detroit Retail Customer class, served via the terms of the Water and Sewer Services Agreement. The portion of the Sewer System that provides sewer service directly to the Detroit Retail Customers (the "Local Sewer System") continues to be operated by the City of Detroit through DWSD, just as the Authority's wholesale customers provide retail services to residential and business customers in their respective communities.

GLWA has adopted an unwavering commitment to its customers and the region, known as "One Water Partnership," and a mission statement of customer collaboration and engagement: "*Through regional* *collaboration, GLWA strives to be the provider of choice dedicated to efficiently delivering the nation's best water and sewer service in partnership with our customers."* In open partnership with its customers, GLWA is focused on innovation in its business practices, with a commitment to providing the highest quality services to current and future generations.

**Powers of the Authority**

GLWA is a public body corporate organized pursuant to the provisions of Act 233. In addition to this statutory authority, the governance for the Authority is found in its Articles of Incorporation, By-Laws, policies, and ordinances including but not limited to its bond ordinances. The Authority has both express powers and implied powers necessary to carry out its powers, duties, and responsibilities. The Authority's express powers include the following:

The Authority is empowered through the GLWA Board to provide wholesale water supply and sewage disposal service to the service area. The six-member GLWA Board has the authority to execute contracts, set policy for the Authority, set service charges for wholesale customers and set the revenue requirement for the Retail Customer class.

The GLWA Board is required to appoint an Audit Committee to "review the reports related to the financial condition, operations, performance and management of the Authority" on a regular basis. Certain actions by the GLWA Board require the affirmative vote of at least five members of the GLWA Board, including, but not limited to, setting rates and charges for water supply and sewage disposal services, annual operating budgets, capital improvement programs, issuance of debt and any modification of the Lease.

The Authority must establish biennial budgets, with the first year serving as formal authorization (including an approved schedule of service charges to support the budget) and the second year serving as an initial estimate of revenues and revenue requirements.

The Authority has the ability to enter into water supply and sewage disposal contracts and may establish and fix a schedule of rates, fees, and other charges for its services.

**Governance and Board Members**

The GLWA Board is composed of six voting members. Two members must be residents of the City and are appointed by the Mayor of the City. The Counties of Macomb, Oakland, and Wayne each appoint one member who must be a resident of the County from which appointed and the Governor of the State of Michigan appoints one member who must be a resident of an area served by the Authority outside of the Counties. All members of the GLWA Board must have at least seven years of experience in a regulated industry, at a utility or in the fields of engineering, finance, accounting or law. Each GLWA Board member is appointed for a four-year term and serves at the pleasure of the appointing authority.

In order to more efficiently oversee the Authority's operations, the GLWA Board has adopted a committee structure. Four committees have been established: (i) Audit, (ii) Capital Planning, (iii) Operations and Resources and (iv) Legal.

The GLWA Board and their professional backgrounds are presented below.

*John J. Zech, GLWA Board Chair, GLWA Board Representative Appointed by Wayne County*. Mr. Zech has more than 40 years of experience, serving in leadership roles with a number of communities across southeast Michigan including the cities of Wayne, Allen Park, Lincoln Park, Plymouth and Southgate. Mr.

Zech is active in the community, currently serving as a member of the Growth Works, Inc. Board of Directors, and has previously served on the Board of Directors for the Michigan Municipal League and on the St. Mary of Wayne Catholic Church Finance Council. Mr. Zech has earned Life Membership status with the International City Management Association (ICMA). He is a graduate of the University of Detroit with a Bachelor of Science in Business Administration. He was appointed to the Board by Wayne County Executive Warren Evans in March 2020.

*Jaye Quadrozzi, GLWA Board Vice-Chair, Board Representative Appointed by Oakland County.* Ms. Quadrozzi is an attorney with over 25 years of experience in complex commercial litigation in both federal and state courts. She is a member of the state bars of Michigan, Illinois and California. In addition to serving on the GLWA Board, since 2013 Ms. Quadrozzi has also served as the Oakland County representative on the Huron-Clinton Metropolitan Authority Board of Commissioners. Ms. Quadrozzi earned a Bachelor of Arts degree in philosophy from the University of Michigan, and a Juris Doctor degree from the University of Michigan Law School. Among the many honors and awards she has received, since 2018, Ms. Quadrozzi has annually been named among Michigan's Top 25 Women in Business Attorneys by Super Lawyers and in March 2025 was recognized by Crain's as a Notable Litigator and Trial Attorney.

*Freman Hendrix, GLWA Board Secretary, Board Representative Appointed by the City of Detroit.* Mr. Hendrix has extensive experience in municipal government, finance and real estate, having served as Deputy Mayor and Chief of Staff for former Detroit Mayor Dennis Archer. During his tenure with the City, Mr. Hendrix led strategic policy development and planning and assisted the City in achieving its first balanced budget in decades, as well as an unprecedented and continuous upgrading of the City's national bond rating. He is a member of the Southeastern Michigan Regional Transit Authority Board of Directors, and a long-time community activist who co-founded the Rosedale-Grandmont Little League Baseball Program.

*Brian Baker, GLWA Board Representative Appointed by Macomb County.* Mr. Baker is the Chief Deputy for the Macomb County Public Works Commissioner, Candice Miller, where he oversees a staff of 70 stormwater and wastewater professionals. He formerly served as the Finance and Budget Director for the City of Sterling Heights for more than 30 years. In that capacity, he directed the City of Sterling Heights' financing, procurement and debt management initiatives, and worked extensively on the water and sewer rate setting process, which has resulted in the City of Sterling Heights achieving efficiencies and lowering costs, as well as on pension administration. In addition, Mr. Baker has worked regionally serving in numerous capacities, including on a municipal revenue task force established by the Governor's Office to address ongoing problems. He has also worked closely with the Southeastern Michigan Council of Governments in similar capacities. Mr. Baker earned a Master of Business Administration from Wayne State University, and a Bachelor of Arts in Economics and Political Science from the University of Michigan.

*Gary A Brown, GLWA Board Representative Appointed by the City of Detroit.* Mr. Brown was appointed the Director of the DWSD in October 2015 by Mayor Mike Duggan. Under his leadership, DWSD has been transformed to a customer-centric, fiscally responsible organization implanting a robust capital improvement program to upgrade Detroit's local water and sewer systems, with 425 miles of water main and 15,722 lead service lines replaced, 95 miles of sewer lines installed or replaced, and 20 stormwater projects installed since 2018. Even before the COVID-19 Pandemic, Mr. Brown began shifting the department from an in-person customer service model to an efficient, responsive and technologically driven, cashless operation. Further, he has spearheaded water affordability efforts, launching the DWSD Lifeline Plan to provide a fixed bill amount for low-income residents using regional, State and federal funds. Mr. Brown serves on the EPA's Local Government Advisory Council and has co-chaired committees since his appointment in August 2021. Previously, he was the City of Detroit's Group Executive for Operations and Chief Operating Officer under Duggan, charged with ensuring continued improvement of city services. Mr. Brown has served the City of Detroit in several leadership roles over the past four decades.

*Mark Miller, GLWA Board Representative Appointed by the State of Michigan*. Mark Miller is a retired General Motors Global Executive of Supply Chain, Warehousing & Logistics. Throughout his nearly 40-year stellar career, Mr. Miller received several awards, and special recognitions for his strong leadership contributions and exemplary performance. His multiple executive leadership and managerial assignments all served to give him in-depth leadership experience in multiple business channels, including International Operations, Budgetary Processes, Labor Relations/Negotiation, Infrastructure Development and Planning, Facilities Management, Quality Control, Safety Processes, and Cultural Transformation. He is also extremely community focused, having recently served for two years as the Interim President and Chief Executive Officer for the Community Foundation of Greater Flint, where he has also served as Chairman of the Board of Trustees. Mr. Miller is also a member of the Board of Directors for McLaren Hospital-Flint and the McLaren Foundation, and is past Board Chairman for Michigan Works, Workforce Development Board for Shiawassee and Genesee Counties. He holds a Bachelor of Science Degree in Healthcare Administration and Business Management from the University of Michigan and a Master of Business Administration from Davenport University. Mr. Miller was appointed to the GLWA Board of Directors by Governor Gretchen Whitmer to represent areas served by the Authority outside of the City and the Counties.

**Management Team**

*Suzanne R. Coffey, P.E., Chief Executive Officer*. Ms. Coffey has been leading GLWA as its Chief Executive Officer since 2022 and prior to that as its Interim Chief Executive Officer. Before being named CEO, she was GLWA's Chief Planning Officer, a position she held since 2015. As Chief Planning Officer, Ms. Coffey bolstered the Authority's asset management capacities, capital improvement program execution and led long-term planning efforts including the Wastewater Master Plan. Ms. Coffey initially became familiar with GLWA through her role as a manager in the Oakland County's Water Resources Commissioner's office, where she worked for 12 years and was an integral part of the DWSD-GLWA transition efforts. Under the leadership of Oakland County Water Resources Commissioner Jim Nash, Ms. Coffey was responsible for supervising engineers, field staff members, administrative and technical support personnel and supporting operations and maintenance of wastewater interceptor systems, local municipal wastewater conveyance systems, drains and lake level control structures, as well as oversight of staff members who performed construction project management and construction inspection. Ms. Coffey is a licensed professional engineer in the state of Michigan. She graduated Cum Laude from Lawrence Technological University with a Bachelor of Science degree in Civil Engineering.

*Nicolette N. Bateson, CPA, Chief Financial Officer/Treasurer*. Ms. Bateson has served as the Chief Financial Officer ("CFO") and Treasurer for GLWA since its inception. Previously Ms. Bateson was the first CFO for DWSD beginning in February 2013. In that role she led the Financial Services Area through a significant transformation effort engaging cross-functional teams to achieve sustainable change. The result was a professionalized department with an unprecedented demonstration of transparency to all stakeholders. This pivotal effort supported intensive, collaborative discussions that were essential to forming the Authority.

Ms. Bateson possesses extensive financial and public administration experience. As a visiting specialist for the State and Local Government Program with Michigan State University Extension, Ms. Bateson worked with State and local officials to address the needs of cities in fiscal stress. Her research, educational programs, and writings related to public-sector financial challenges are often cited. In her roles as Assistant City Manager and Finance Director in local government, she was responsible for strategic planning, financial turnaround, information technology, labor relations, employee benefit design, project management and deploying multi-year budgeting and long-range capital planning. Ms. Bateson's professional career began with a national accounting firm serving clients in the construction, manufacturing, and nonprofit sector.

Ms. Bateson earned a Bachelor of Business Administration in professional accountancy from the University of Michigan-Dearborn and a Masters of Public Administration from Eastern Michigan University. Ms. Bateson's accomplishments in the fields of accounting and public administration have garnered the following honors: Eastern Michigan University Masters of Public Administration Program - Public Administrator of the Year (2017), Crain's Detroit Notable Women in Finance (2018), and Eastern Michigan University Alumni Achievement Award (2022).

*William M. Wolfson, Deputy Chief Executive Officer.* Mr. Wolfson has over 40 years of public sector leadership experience with the last 13 years spent in support of water utilities. He has been recognized as one of Michigan's Leaders in the Law and received the Frank J. Kelley Distinguished Public Service Award, recognizing a career of extraordinary governmental service. Mr. Wolfson also served as DWSD's first General Counsel and Chief Administrative and Compliance Officer ending almost 35 years of judicial oversight, represented DWSD in Detroit's bankruptcy proceedings and played a pivotal role in the founding of GLWA. Mr. Wolfson began his career in government, in 1976, as a seasonal Detroit Zoo employee. He later joined the City of Detroit Law Department as an attorney in 1986, working as the legal liaison to the Detroit City Council and on several key initiatives such as the casino and stadium development projects. Thereafter, Mr. Wolfson was appointed Deputy Corporation Counsel for Wayne County. Following a change in administrations, Wolfson was appointed Assistant Deputy County Executive/Director of Legal Affairs and was responsible for the day-to-day operations of the county government and its 4,500 employees. Following his retirement from Wayne County, Mr. Wolfson went into private practice and contracted to serve as Wayne County's Interim Corporation Counsel. Mr. Wolfson is a graduate of the University of Michigan and the University of Minnesota Law School. He is active and a committee member in several water sector organizations at both the state and national level.

*Phyllis Hurks, General Counsel.* Ms. Hurks serves as General Counsel for GLWA. In this role, Ms. Hurks acts as GLWA's primary legal adviser, leading legal strategy and providing guidance to the attorneys in the Office of the General Counsel. Ms. Hurks has over 20 years of experience serving as legal counsel in the public sector. She joined GLWA in 2022 as Director of Strategic Workplace Relations, managing and supporting labor and employment management initiatives in conjunction with Organizational Development, the Office of General Counsel, Enterprise Risk Management, and other operational groups. Prior to joining GLWA, she worked for Detroit Public Schools Community District (formerly the School District of the City of Detroit) since 2005. While at the school system, she served in various capacities, including as General Counsel. While serving as the General Counsel for the largest school district in the state and one of the largest employers in the City of Detroit, she litigated and supervised numerous and complex legal matters and participated in governmental bond financing transactions. Phyllis is a member of the Michigan State Bar, and is admitted to practice in Michigan, the United States District Court, Eastern Division and the United States Court of Appeals. She is a graduate of University of Michigan Law School and has her Bachelor of Arts from Wayne State University. She was named to the 2026 class of Crain's Detroit Business Notable Women in Law.

*Jody Caldwell, P.E., Chief Planning Officer.* Jody Caldwell is the Chief Planning Officer for the GLWA. Mr. Caldwell brings more than 25 years of private consultation, municipal operations and maintenance, and asset management experience to GLWA. In the Chief Planning Officer role with GLWA, he supports the asset management, capital improvement planning, water and wastewater analytics, planning and metering, and member outreach groups. Prior to his appointment as Chief Planning Officer, Mr. Caldwell served as the Asset Management Director for the enterprise-wide asset management group for over five years. He helped to support functional areas by coordinating overall asset management strategies, objectives, and activities to ensure decisions are informed by risk, regional needs, and life cycle considerations. Prior to his service with GLWA, Mr. Caldwell was a Chief Engineer at Oakland County's Water Resources Commissioner's Office ("WRC") where he worked for 12 years in many different capacities. In this role, he was responsible for oversight of multiple areas including capital, asset management and planning, finance and budgeting, water operations and maintenance, water engineering, and cross connection control. During his time with WRC, Mr. Caldwell worked closely with the DWSD and GLWA. He was the Oakland County representative on the DWSD Board of Water Commissioners, served as the water technical advisory committee and wastewater steering committee co-chairs, and was an important part of the DWSD-GLWA transition efforts. Mr. Caldwell is a registered professional engineer in the State of Michigan and holds a Bachelor of Science and Master of Science degree in Civil Engineering from Michigan State University.

*Cheryl Porter, Chief Operating Officer for Water and Field Services*. Ms. Porter is the Chief Operating Officer of GLWA Water and Field Services Area where she oversees five water treatment facilities and water transmission to the Authority's member partner communities, ensuring GLWA's water consistently meets and exceeds all quality standards and regulations. Ms. Porter is an active member of the American Water Works Association ("AWWA") and became the national organization's president in 2024, making her the first African American and the first woman of color to hold that prestigious position. She also served as a Michigan AWWA Section Trustee (2018-2021). In 2017, Crain's Detroit Business recognized her as one of Detroit's Women in Leadership. Ms. Porter provides leadership that's grounded in experience and manages engineers, field staff and administrative and technical support personnel. Her broad knowledge base in the water service sector began at DWSD as a Junior Chemist, where her dedication yielded eventual advancement to Water Production and Operations Manager. As the COO of the DWSD, she was part of the team that helped establish GLWA in 2016. Ms. Porter earned her BS degree from the University of Michigan, an MBA with a concentration in Human Resources Management from Madonna University, and a Juris Doctor degree from the University of Detroit Mercy School of Law. Ms. Porter maintains State of Michigan operator certifications for both Water Distribution (S-3) and Complete Treatment (F-1). Under her direction, GLWA's Southwest Water Treatment Plant received the "2023 President's Award and the Water Works Park Water Treatment Plant received the "2019 President's Award for Water Treatment" from the Partnership for Safe Water.

*Navid Mehram, P.E., Chief Operating Officer for Wastewater Operations*. Mr. Mehram is the Chief Operating Officer for Wastewater Operating Services of GLWA where he oversees the largest single site water resource recovery facility, nine combined sewer overflow facilities and conveyance system which collects the wastewater from the Authority's member partner communities and return to the Great Lakes in compliance with regulatory standards. He is a licensed Professional Engineer in the State of Michigan. With over 20 years of experience, he brings a wealth of wastewater operations coupled with over a decade of design and construction of water treatment, resource recovery, and pumping systems. Prior to assuming this position, Mr. Mehram served as the Chief Engineer at the Oakland County Water Resource Commissioner's office. During his tenure at the Oakland County WRC, he led the transitioning of the City of Pontiac's water and wastewater operations and maintenance from private contract operations to county operations including the design and construction of a new state of the art biosolids processing system. This innovative process was the first in Michigan and the third in North America. He also oversaw engineering, field operations, and administrative support for multiple county facilities, including three treatment plants, more than 200 pump stations, community wells, and retention basins. He holds a Bachelor of Science in Civil Engineering from Wayne State University.

*W. Barnett Jones, Chief Security, and Integrity Officer*. Chief Jones was appointed GLWA's Chief Security and Integrity Officer on January 1, 2016 after serving with DWSD in that capacity since 2012. His extensive experience in law enforcement and security spans over a 40-year career. Chief Jones is responsible for GLWA's entire security posture, which includes the physical security infrastructure and safety of employees, facilities and assets. In addition, Chief Jones has been pivotal in developing and implementing entity-wide integrity policies and procedures. Prior to his arrival at GLWA, Chief Jones served as Chief of Police, Police Administrator, Fire Chief, Captain, Lieutenant, Sergeant and Deputy Sheriff with large local units of government in Michigan including the supervision of both police and fire personnel. Chief Jones has a Masters in Educational Leadership from Madonna University, a Masters in Liberal Studies from Eastern Michigan University and a Bachelor in General Studies from the University of Michigan-Dearborn. He has also received certification from the State of Michigan to be a K-12 school administrator. Additionally, Chief Jones is a graduate of the Federal Bureau of Investigation National Academy and a graduate of the Secret Service Dignitary Protection training, as well as a certified firefighter. In August of 2023, Chief Jones received Certificates of Completion for Promoting Racial Equity in the Workplace, Leadership and Character in Uncertain Times, and National and International Security, completing the Executive Educational Program at the John F. Kennedy School of Government at Harvard University. He is scheduled to attend the Executive Educational Program at Howard University in May of 2026.

*Michelle A. Zdrodowski, Chief Public Affairs Officer.* Ms. Zdrodowski became Chief Public Affairs Officer for GLWA on July 6, 2016. In her capacity as Chief Public Affairs Officer, she guides the organization's efforts to build and maintain its relationships with internal and external stakeholders. Ms. Zdrodowski brings more than 30 years of strategic communications and community engagement experience to GLWA. Immediately prior to joining the GLWA team, she served as Chief Communications Officer for Detroit Public Schools during a period of unprecedented challenge and change. Her previous public sector communications experience also includes her tenure as Deputy Press Secretary to former Detroit Mayor Dennis Archer. Ms. Zdrodowski also spent more than a decade leading the nonprofit/government practice group for a Detroit-based public relations agency. Ms. Zdrodowski holds a Bachelor of Arts in Communications from Michigan State University.

*Jeffrey E. Small, Chief Information Officer.* Mr. Small became Chief Information Officer for GLWA on August 15, 2016. In his capacity as Chief Information Officer, Mr. Small directs and coordinates technology strategy implementation and provides strategic informational technology ("IT") leadership, change leadership, customer service, innovation, and information security for the regional authority. Mr. Small brings 40 years of IT and business process experience to GLWA. Immediately prior to joining the GLWA team, he served for four years as Deputy Chief Information Officer at Wayne County, Michigan. Prior to his work at Wayne County, Mr. Small held IT leadership roles at several multi-national companies in a cross-section of industries, including retail, sourcing, brand-management and consumer products. Mr. Small holds a Bachelor of Arts in Political Science from The George Washington University and a Masters in Computer Information Systems from Baker College. He also serves on several nonprofit boards related to technology in both the public and private. Mr. Small was named 2019 IT Professional of the Year by the Michigan chapter of the Government Management Information Sciences ("Mi-GMIS") and was recognized as a 2020 Special District Program Award Winner from Government Technology magazine in the Technology and Innovation Leadership category. In 2025, Mr. Small was recognized as a finalist for Michigan CIO of the Year in the Enterprise category by the Inspire Leadership Network

*Jordie Kramer, Chief Organizational Development Officer.* Ms. Kramer became the Chief Organizational Development Officer in October 2022 after serving as the Director – Organizational Development since 2019. She has served in increasingly more responsible human resource roles in government entities in southeast Michigan for nearly three decades. Her areas of responsibility include recruitment, compensation, benefits, labor relations, employee relations, human resource information systems, and training and development. Before her tenure at GLWA, Ms. Kramer worked for Oakland County for 22 years and served as Oakland County's Director of Human Resources and served as Labor Relations Supervisor and Senior Compensation Analyst. She has served as past president for the Michigan Public Employers Labor Relations Association. She is also active in the National Public Employers Labor Relations Association and currently serves as the President of the Great Lakes Public Employers Labor Relations Association. She earned a Bachelor of Science Degree from Central Michigan University.

*Todd King, P.E., BCEE, Chief Resiliency Officer.* In 2024, Mr. King became the Chief Resiliency Officer after being named the System Resiliency Officer in 2023 and serving as the Field Services Director since 2017. In this newly created position, Mr. King is leading cross-functional resiliency efforts such as the Southeast Michigan Flood Resiliency Study, field implementation of our Linear System Integrity Program, and support our energy resiliency efforts. His team is responsible for improving the resiliency of GLWA's staff, assets, and operations. Prior to joining GLWA, Mr. King was a consulting engineer in private practice focusing on public and private sector water, wastewater, and environmental projects. Mr. King is a Board Certified Environmental Engineer with over 35 years of experience and earned a Master of Science in Engineering (Environmental) and a Bachelor of Science in Engineering (Chemical) from the University of Michigan.

*Dima El-Gamal, Director of Capital Improvement Planning.* Dr. Dima El-Gamal joined GLWA in April 2021 as the Director of Capital Improvement Planning. Prior to joining GLWA in 2021, Dr. El-Gamal worked in the private sector for more than 26 years, including as a managing principal at Stantec Consulting Michigan, where she was responsible for securing and delivering water and wastewater projects for municipal clients within southeast Michigan. She supervised projects throughout their life cycle from inception to commissioning and provided Client Management Engineering Services. A dedicated philanthropist, Dr. El-Gamal serves and has served on several boards, commissions, and committees, including West Bloomfield Township Planning Commission, Wayne State University Department of Civil and Environmental Engineering Advisory Board and the Michigan Board of Professional Engineers. She holds a Bachelor of Science from Aleppo University, and a Master of Science and Ph.D. from Wayne State University in Civil and Environmental Engineering.

*Kim Garland, Deputy Chief Financial Officer.* Kim Garland is an experienced CPA and has worked within the Financial Services Area of GLWA since November 2017. At GLWA, she leads a diverse group of team members focused on Public Finance, State Revolving Fund Programs, Billing and Collections, Grant Management, and Water Affordability and Assistance. She received her bachelor's degree from Michigan State University and a master's degree in accounting from Eastern Michigan University. She also holds certifications as a Chartered Global Management Accountant, Certified Information Systems Auditor, and Certified Information Security Systems Professional. Prior to GLWA, she served for 11 years with the City of Chelsea as Administrator Director and Treasurer and was with Deloitte for seven years working in information security consulting, risk and control auditing, and corporate governance training. She is actively involved in a number of professional organizations. She is a Past President of the Michigan Government Finance Officers Association (MGFOA) and is a member of the Government Finance Officers Association (GFOA) Debt Committee.

**Awards and Recognitions**

In the areas of leadership, operations, communications, project delivery, workforce development, and utility management, GLWA has received the following awards and recognitions, over the past five years, indicative of GLWA management's active involvement in key organizations and initiatives in the water utility industry:

<u>2025</u>

*Government Technology 2025 Government Experience Award / Special District Experience Winner* – GLWA's Information Technology team was recognized with this award for "Innovative & Transformational Enterprise Asset Management System Implementation for the implementation of the NEXGEN Enterprise Asset Management System."

*Michigan Chapter of the National Academy of Television Arts & Sciences Emmy Award* – GLWA's Public Affairs team earned its third Emmy award for the animated educational video, "Freshwater to Drinking Water: A Splash Course in Water Treatment," that explains how our raw water becomes drinking water through the treatment process.

*American Water Works Association Public Communications Achievement Award* – GLWA's Public Affairs Team was recognized by the American Water Works Association's highest communications award for GLWA's Tap In recruitment and branding campaigns.

*National Procurement Institute Achievement of Excellence in Procurement Award* – GLWA's Procurement Team. The award recognizes procurement organizations that embody professionalism, productivity, leadership and encourage innovation. For 2025, GLWA was one of only three Michigan agencies to receive this award.

*National Environmental Achievement Award* – GLWA was recognized by the National Association of Clean Water Agencies in the Public Information and Education category for its public education video, "Freshwater to Drinking Water: A Splash Course in the Treatment and Distribution Process." This is the sixth consecutive year GLWA has received an award in this category.

*NexGen Core Value Award for Innovation* – GLWA was recognized by the vendor for its extensive efforts in implementing the NexGen enterprise asset management system.

*Corporate Citizen Award for Public Service* – The Detroit Bar Association honored GLWA with this prestigious award recognizing GLWA's contributions to the region and the Member Partner communities it serves. In particular, the award called out the educational opportunities provided through GLWA's One Water Institute, the partnering opportunities GLWA and its Member Partner communities participate in, and the utility's One Water Mission.

*Downriver Chapter Small Project of the Year Award* – The GLWA Wastewater Conveyance Combined Sewer Overflow (CSO) Team received this honor from the American Public Works Association in recognition of their work on a fat, grease and odor reduction project at the Puritan-Fenkell CSO Facility.

*Apprentice Ambassador Recognition* – GLWA has been designated as an Apprenticeship Ambassador by the U.S. Department of Labor's Office of Apprenticeship in recognition of support in promoting, expanding, and diversifying Registered Apprenticeships.

*Veteran Friendly Employer Recognition* – As a part of GLWA's efforts to be an employer of choice for those who have served our country, the Authority met the criteria to be publicly recognized by the Michigan Veterans Affairs Agency with the bronze level status as a Veteran Friendly Employer.

<u>2024</u>

*Human Resources Team of the Year* – Crain's Detroit Business named GLWA's Organizational Development Group as its 2024 HR Team of the Year. This prestigious award highlights the Organizational Development Group's exceptional creativity in attracting and retaining talent and their dedication to embracing GLWA's "One Water, One Team" philosophy.

*National Association for Business Resources Best & Brightest* – The GLWA Organizational Development's One Water Wellness Team was recognized by the National Association for Business Resources with a Best and Brightest in Wellness 2024 award for its efforts to support a culture of wellness.

*Water Research Foundation Subscriber of the Year* – The foundation honored GLWA as a subscribing utility that made notable improvements to its treatment, delivery, and/or management processes through the application of WRF research.

*Organizational Impact Project of the Year Award* – GLWA received this award from the Mi-GMIS recognizing the outstanding work implementing the Workday financial and human capital management systems.

*Underground Infrastructure Awards* – GLWA received the 2024 Asset Management Project of the Year award for the Linear System Integrity Program. The Underground Infrastructure Awards recognize outstanding performance and technology for the entire underground infrastructure industry.

*Michigan Regional EMMY Award* – GLWA's Public Affairs Team, for the second consecutive year, was selected by the National Academy of Television Arts and Sciences Michigan Chapter to receive its coveted Emmy Award. The team won in the Branded Content category for the "Tap In" recruitment campaign.

<u>2023</u>

*Michigan Section-American Water Works Association (MI-AWWA)* – GLWA recently received the MI-AWWA award for Professional Excellence from the MI-AWWA for its exceptional efforts to protect public health, promote safe drinking water, implement innovative and creative ideas in the treatment of drinking water, as well as GLWA's overall excellence in leadership.

*American Water Works Association* – Cheryl Porter, GLWA Chief Operating Officer, Water and Field Services was elected as the President of the AWWA, with her term beginning in June 2023. She is the first African American, as well as the first woman of color to lead the 50,000+ international organization it its nearly 150 years in existence.

*American Public Works Association (APWA)* – GLWA received both state and national Project of the Year awards for its emergency response to the break of a 120-inch water transmission main in the northern section of its system. The Authority was recognized as the 2022 APWA Public Works Project of the Year Less than $5 million.

*Michigan Regional EMMY Award* – GLWA was awarded its first EMMY Award by the Michigan Regional Section of the National Academy of Television Arts & Sciences for its *"Where Does the Water Go"* video, which uses animation and entertaining images to explain the incredibly complex regional collection system.

*Presidents Award for Water Treatment* – GLWA received the rarely achieved Presidents Award for Water Treatment for its Southwest Water Treatment Facility from the Partnership for Safe Water, a program developed by the EPA and AWWA. The award recognizes utilities who demonstrate an outstanding commitment to delivering superior quality drinking water to customers.

*National Institute for Public Procurement Agency Advancement Award* – GLWA was awarded an Honorable Mention for excellence in procurement-related process improvements.

*Mi-GMIS Citizen Impact Award* – GLWA received the Citizens Impact Award for its efforts to ensure its public website is Americans with Disabilities Act compliant and provides accessibility for citizens in the communities served.

2022

*American Public Works Association* – The Water Works Park Water Treatment Facility High Lift Pump Station Roof Rehabilitation was selected as the 2022 APWA Public Works Project of the Year Historical Restoration/Preservation Less than $5 million winner. The project also won at the state level, putting GLWA in a very elite group of winners.

*Michigan Educators Apprenticeship & Training Association Sponsor of the Year Award* – In 2022, GLWA was recognized for exceptional performance, superior dedication, and positive attitude with its apprenticeships program.

*Water and Wastes Digest ("WWD") Top Project Award* – The Grand Connection, a wastewater connection tunnel between the Detroit River Interceptor (DRI) and the Interceptor East Arm, was recognized with a 2022 Top Project Award from WWD. The Grand Connection is a 1,000-foot-long, nine foot two inch crossover tunnel that helps flow management and control between two of the major interceptors in the GLWA wastewater collection system. The connection allows for the downstream DRI section's 16,000 feet of pipe to be inspected, cleaned, and repaired or rehabilitated, and allows for system redundancy. The Grand Connection will play a critical role in meeting the future demands of the entire regional collection system.

Financial reporting and budget awards include the following:

*GFOA Certificate of Achievement for Excellence in Financial Reporting* – GLWA has received this award for the Annual Comprehensive Financial Report for the past seven fiscal years which ended June 30, 2019, through Fiscal Year 2025.

*GFOA Distinguished Budget Presentation Award* – GLWA has received this award seven years in a row including for Fiscal Years 2026 through 2027 Biennial Budget and Five-Year Financial Plan for Fiscal Year 2026 through Fiscal Year 2030.

Members of GLWA's leadership team are requested speakers and presenters on many topics at water sector conferences and other events as well as serving on boards for professional and service sector organizations. In addition, many of GLWA's employees have been recognized for their achievements. Over the past five years, these activities have included the following:

2026

Chief Operating Officer-Water and Field Services Cheryl Porter was named to the 2026 Class of Women of Excellence by The Michigan Chronicle.

General Counsel Phyllis Hurks was selected for the 2026 Class of Notable Women in Law by Crain's Detroit Business.

Director of Engineering Chris Nastally, P.E. presented How to plan and deliver a 2 Billion Dollar CIP presented at the Michigan Water Environment Association ("MWEA") 100th Annual Conference.

Deputy Chief Information Officer, Lynn Herrick and Strategic Technology Officer Bryon Wood presented *Strategic IT Leadership Transition* at the 2026 Water and Wastewater Forum.

IT Emerging Technology Director Kalpana Yendluri presented *Microsoft Copilot Chat Rollout - Stories From the Trenches* at Mi-GMIS Spring Conference.

Chief Organizational Development Officer, Jordie Kramer served as a panelist on March 25, 2026, at Great Lakes Public Employer Labor Relations Association quarterly training.

2025

Procurement Buyer Gerald Moore was recognized as 2025 Buyer of the Year by the Michigan Public Purchasing Officers Association.

Chief Executive Officer Suzanne Coffey was elected to the Board of Directors for the National Association of Clean Water Agencies ("NACWA").

Chief Executive Officer Suzanne Coffey, Deputy Chief Executive Officer Willliam Wolfson, and Chief Financial OfficerTreasurer Nicolette Bateson presented *From Start-up to Completion; GLWA 2015-2025* at the Michigan Bond Club.

Deputy Chief Executive Officer William Wolfson and Chief Financial Officer/Treasurer Nicolette Bateson presented *From Concept to Completion; GLWA 2014-2024* at the AWWA Annual Conference and Exhibition (ACE).

Deputy Chief Executive Officer William Wolfson presented *Building a Diverse Management Team* at the AWWA Annual Conference and Exhibition (ACE).

Deputy Chief Information Officer Lynn Herrick and OD Director Pat Butler presented *Employee Engagement and Change Management for Successful Digital Transformation* at WEFTEC 2025.

IT Emerging Technology Director Kalpana Yendluri presented *Articifical Intelligence Policy Creation* at the Mi-GMIS Fall Conference.

Director of Energy, Research, and Innovation John W. Norton, Jr. was appointed to the US EPA Board of Scientific Counselors: Research Strategy and Implementation Subcommittee in 2025.

Wastewater team members were honored as 2025 MWEA and Water Environment Federation ("WEF") awardees:

- Navid Mehram Chief Operating Officer-Wastewater received the President's Award;
- David McCord, Director of Wastewater Conveyance, received the Collections System Professional of the Year;
- Major Gresham, Reliability Maintenance Engineering Manager, received the Maintenance Professional of the Year;
- Sajit George, Operations Manager, received the Donald M. Piece Award; and
- Andrea Busch, Laboratory Manager, received the P.K. Sarda Lab Professional of the Year.

Chris Nastally, Director of Engineering for Wastewater, serves on the MWEA Board of Directors and Federation Delegate to the WEF.

Majid  Khan, Director Wastewater Operations, is the MWEA's current President and chairman of the Board of Directors.

Director of Reliability and Maintenance Engineering S. Salim P.E (i) introduced smart asset criticality and how it differs from conventional asset criticality, Proceedings of the 10th North American International Conference on Industrial Engineering and Operations, Orlando, Florida, USA, June 17–19, 2025; (ii) presented How to Start a Reliability Program From Scratch, 33rd Annual Conference, Society for Maintenance & Reliability Professionals, Fort Worth, Texas, October 6–9, 2025; and (iii) presented PPE 2.0: A tool towards equipment reliability and maintenance engineering success, Proceedings of the 2nd IEOM World Congress on Industrial Engineering and Operations Management, Windsor, Ontario, Canada, October 14–16, 2025.

Director of Infrastructure Special Projects presented Utility Management Conference on February 13, 2025.

Director of Wastewater Special Project Chris Wilson P.E. Presented on several items at the MWEA Annual Conference June 15-18, 2025 including (i) Engineering Conservatism Gone Too Far - The Failure of Sludge Feed Pump #2; (ii) Paving the Way to Good Ideas and Embracing Bad Ones; (iii) Collaborative Pilot to Complement Biological Phosphorus Removal with Ferric Chloride Injection at Detroit WRRF; and (iv) With Brook Ballard (Great Lakes Water Authority) and Hainite Tuitupou (Great Lakes Water Authority).

Capital Improvement Planning Director, Dima El-Gamal, PhD, PE, LEEDAP presented (i) Navigate Change to Build Success – Positive Impacts of People on Organizational Value Creation presented at the Utility Management Conference on February 13, 2025, and (ii) Capital Planning: A Springboard for Effective Project Delivery presented at WEFTEC on September 29, 2025.

Chief Planning Officer, Jody Caldwell, PE presented on August 9, 2025, at the Utility Engineering and Surveying Institute 2025 Pipelines Conference on Risk Assessment As A Tool In Developing A Pipeline Management Program.

Wastewater Analytics, Planning & Metering Director, Kevin Jankowski presented on June 16, 2025, at the Michigan Water Environment Association on Using In-Stream Water Quality in a Dynamic Model Framework to Advance CSO Planning Beyond End-of-Pipe Performance Indicators.

Manager, Organizational Wellness, Sherrian Greenwood presented Employer Case Study: Enhancing Mental Health Engagement for Men International Foundation of Employee Benefits Plan's 44th IFEBP Annual Symposium on September 17, 2025.

Manager, Organizational Wellness, Sherrian Greenwood served as a panelist for the Economic Alliance of Michigan's 2025 Women's Health in the Workplace National Symposium on August 20, 2025.

<u>2024</u>

Chief Administrative and Compliance Officer, William Wolfson, was awarded the 2024 Frank J. Kelley Distinguished Public Service Award from the State Bar of Michigan.

Sonya Collins, Procurement Director, named to the 2024 class of Notable Black Business Leaders by Crains Detroit Business.

Director of Energy, Research, and Innovation John W. Norton, Jr. was appointed chair of the Joint Section Research Committee by the Water Science & Research Division of the AWWA in 2024.

2023

Grants Manager Alicia Schwartz was appointed President of the professional organization Michigan Women in Finance in 2023.

2022

Wastewater Operations Director Dr. Majid Khan was recognized as 2022 Industry Icon by WWD.

Chief Financial Officer/Treasurer Nicolette Bateson received the Eastern Michigan University Alumni Achievement Award in 2022.

Director of Capital Improvement Planning Dr. Dima El-Gamal received the 2022 Distinguished Alumni Award for the Civil and Environmental Engineering Department at Wayne State University.

**Regional Collaboration Initiatives**

GLWA's vision is to be the service provider of choice in the region. The Authority collaborates with its customers through the One Water Partnership Agreement. This agreement outlines the mutual commitments to working together for the greater good of the region, detailing the responsibilities of all parties and a commitment to a multi-jurisdictional, multi-agency approach to infrastructure renewal and investment. GLWA's collaborative relationship with its customers is foundational to its operations wherein GLWA works with its customers as member partners.

*Member Partner Benefits* - The member partner concept extends beyond the traditional aspects of water and sewer utility service. GLWA provides value added services at no additional charge, including individual memberships for member partner's team members to the AWWA and the WEF, extensive training and development opportunities for member partner team members through GLWA's One Water Institute; public communication materials related to the State of Michigan's Lead and Copper Rule, the perils of "flushable" wipes and a range of emerging contaminants; providing "real-time" systems analytic software tools; consecutive system water quality sampling and testing services; and community access to a broad range of videos on GLWA's operations.

*Hub Utility* – By design, GLWA is a connector across the region and among its sector and infrastructure partners. This concept has been advanced through the EPA Office of Wastewater Management's hub utility concept in conjunction with the NACWA, along with support from GLWA and a small number of utilities across the nation. Working with the EPA and NACWA, the established framework for a hub utility is one in which high-capacity utilities, such as GLWA, offer support to strengthen the sector through services to others and provide peer-to-peer exchange. For GLWA the added member partner benefits noted above, as well as leveraged procurements, planning assistance, and technical collaboration, are additional examples of GLWA's commitment to being a hub utility.

*Regional Planning* - See "THE MASTER PLAN AND THE CAPITAL IMPROVEMENT PLAN – Regional Sewer System Master Plan" for description of collaboration on master planning with GLWA and member partners.

**Systemwide Strategic Initiatives**

GLWA is focused on optimization and innovation supported by a network of cross-functional teams. Key strategic initiatives include the following.

*Emerging Technologies* – In March 2025, GLWA established the Emerging Technology Council to formalize and accelerate the process of evaluating and introducing new and innovative technologies (e.g., generative AI, machine learning, smart water, digital twins, etc.) into the organization. GLWA has begun piloting and implementing selected artificial intelligence ("AI") capabilities in a controlled manner, prioritizing data security, regulatory obligations, and responsible innovation. GLWA has created and hired an IT Director – Emerging Technology to lead these efforts across the organization.

*Office of Resiliency* – In 2023, GLWA established the Office of Resiliency to focus on improving people, operations, and assets in its ability to withstand and recover from disruptions. The office is comprised of a cross-functional team of senior operations, maintenance, and engineering staff that focus on developing and implementing cross-community contingency plans for asset failure scenarios, developing knowledge a transfer of system operations and maintenance to the next generation of staff and identifying the physical systems' risks and associated mitigation strategies. As a critical component of operations, power supply and redundancy will be assessed for key components of water transmission and wastewater conveyance systems. Short- and long-term improvements to system status reporting are being developed to communicate system capacity and potential concerns relative to overall ability of water and wastewater operations to effectively meet their required level of service. This team also champions the field operations portion of GLWA's linear systems integrity program, working directly with our Planning Services Area to ensure that aging infrastructure is cost-effectively managed using a long-term lifecycle strategy that optimizes the expenditure to risk reduction ratio for the water and wastewater linear systems.

*Asset Management* - In December 2019, GLWA completed a comprehensive strategic asset management plan ("SAMP"). This plan outlined a series of recommendations to advance asset management practices and led to the development of tactical initiatives, including the upgrade of GLWA's computerized maintenance management system, called NEXGEN. This upgrade, completed in 2024, has significantly increased GLWA's capability to manage the asset lifecycle. This includes the addition of mobile technology to capture asset data and an investment of analytical capacity to provide insight into the current and future performance of GLWA assets. In June 2022, the tactical wastewater and water asset management plans were completed as identified in the SAMP. The tactical wastewater and water asset management plans identified the activities required to improve GLWA's asset inventory, condition and risk, performed various maintenance management optimization activities. Additionally, tactical recommendations were developed to be completed over the life of the plans, helping to streamline and standardize processes to manage and analyze asset data to support asset management decisions at GLWA. Many of these tactical recommendations have been addressed with the implementation of NEXGEN in 2024, and these programs are beginning to yield meaningful actions, such as improvement of maintenance plans and rehabilitation recommendations. This work will ensure consistency of the management of assets across the organization and will allow for comparison of assets across business units to improve service levels while reducing capital, maintenance, and operations costs.

*Capital Program Management* –GLWA manages its Capital Improvement Plan ("CIP") delivery through an enterprise-wide approach that emphasizes consistency, transparency, and long-term vision. GLWA partners with AECOM, a nationally recognized leader in capital program management, to assess and implement business processes to enhance CIP delivery and execution. Since the launch of the CIP Project Portal in 2020 by AECOM, GLWA has continued to improve digital access and transparency. Additionally, the Enterprise CIP Group has added personnel with significant expertise in planning, controls and assurance, scheduling, budgeting, applications analysis and equipment lifecycle.

Project management standards are reinforced through video-based training with knowledge assessments, and cross-functional workshops which are regularly held to align teams, address questions, and clarify expectations. As part of its ongoing strategy to enhance the delivery of its CIP, GLWA has initiated the implementation of a Project Management Information System (PMIS) using the Kahua construction management software system which is scheduled for full implementation in Fiscal Year 2027.

*Condition Assessment Programs* – GLWA continues to institutionalize the practice of programmatic or cyclical asset condition assessments. By committing to programmed periodic assessments, proper management of an asset's lifecycle is significantly improved. Many baseline comprehensive asset condition assessments have been completed and others are either currently underway or are being planned.

*Linear System Integrity Program* – The Linear System Integrity Program ("LSIP") applies asset management principles to proactively evaluate and manage GLWA's water transmission and sewer interceptor systems. LSIP provides on-going decision support for water and sewer system inspections, condition assessments, monitoring, and renewals, conduct water transmission system inspections and condition assessments, and develop a sewer system risk model to support decision making. Since the program's inception in 2019, GLWA has inspected approximately 294,000 feet of water transmission main utilizing advanced technology to pinpoint pipe segments that need targeted repair. Of these pipelines inspected, GLWA has identified 10,210 feet of pipeline requiring targeted renewal (which has either been completed or is actively under construction) allowing GLWA to cost effectively manage the risk of its transmission system. To help drive a better understanding of the prioritization of its transmission mains for inspection and renewal activities, GLWA's risk model addresses both consequence and probability of failure components to achieve an overall pipeline risk profile that is used for prioritization of condition assessment activities.

*GLWA Office of Innovation and Research* – GLWA's Office of Research and Innovation leverages national and federal research funds and funds from private foundations to supplement GLWA funding to engage in local, regional and national research university efforts to maintain a clear understanding of the leading-edge engineering, operations, and maintenance aspects of running one of the world's largest combined wastewater systems. These research efforts are aligned with the corresponding GLWA engineering, operations, planning, and maintenance business units to ensure optimal "real-world" benefits. The Research and Innovation team leads these research efforts and any subsequent feasibility trials to understand and document each project's benefits and shortcomings. Once the technology or process is fully vetted, the project is handed off to the relevant business unit for subsequent decision-making and potential implementation.

GLWA is actively engaged with the four major Michigan universities, along with a consortium of other national research universities, and budgets approximately $3.5 million annually for research and innovation efforts. Ongoing and/or funded research projects include source water monitoring and statistical risk assessment; epidemiological evaluation of ecological risks of Polyfluoroalkyl Substances ("PFAS"); new and emerging acoustic and electromagnetic methods for transmission main condition assessment, the fate and transport of microplastics through water and wastewater treatment plants; the fate and transport of biosolid nutrients; energy recovery from biosolids; the construction and use of a pilot plant to evaluate alternative water treatment methods under varying source water conditions; the full reconstruction of water mains using remote machinery; the enhancement of biological phosphorus removal; methods to assess and optimize capital reinvestment into aging infrastructure; and several projects directly aligned with compliance with the upcoming Potable Water Microbial Disinfection Byproducts Rule.

GLWA has also partnered with other national and international universities and engineering firms for research involving methods to evaluate and prioritize the condition assessment of its distribution pipes; evaluate alternatives to chlorine-based wastewater disinfection, the fate and transport of PFAS through wastewater treatment plants and through wastewater biosolid incinerators, and the assessment and control of grit within wastewater operations.

*System Security* – The America's Water Infrastructure Act of 2018 requires community drinking water systems serving more than 3,300 people to conduct a Risk and Resilience Assessment and prepare or revise an Emergency Response Plan (ERP). In January 2020, the GLWA Security and Integrity Group certified completion of both its Risk and Resilience Assessment and ERP to the U.S. Environmental Protection Agency. On an annual basis GLWA reviews and updates its ERP and conducts at least two tabletop exercises to help evaluate the response to emergency events.

In 2021, GLWA instituted an Office of Emergency Preparedness ("OEP"), within its Security and Integrity Group to support its focus in these vital areas. The OEP engages the entire GLWA operation in emergency preparedness efforts designed to prevent, protect, mitigate, respond to, and recover from, all identified hazards and to support utility resiliency. GLWA is an active participant in regional security planning and partners with other agencies and taskforces to maximize protection of critical assets and the public.

**Climate Adaptation**

GLWA's Office of Resiliency is leading efforts to develop a region-wide flood resiliency strategy and infrastructure, in cooperation with local partners and the US Army Corps of Engineers, to address Southeast Michigan's flood resiliency and maximize the use of available infrastructure within the region. This effort has begun with a technically sound study framework that balances flood control with water quality goals and considers stakeholder issues such as engineering with nature, placemaking, and environmental justice. The project kicked off formally in 2024 and is currently underway.

**Financial Policies**

*Capital Spend Ratio Assumption Policy* – The Authority has a Capital Spend Ratio Assumption Policy for establishing capital funding in the financial projections. This policy recognizes the challenges of executing multiple large infrastructure projects and provides 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 non-budgetary reasons.

*Debt Management Policy* – The Authority's Debt Management Policy was adopted by the GLWA Board on December 9, 2015 and amended on November 21, 2024. The goal of the policy is to ensure that financings undertaken by GLWA satisfy clear objective standards which allow it to protect its financial resources in order to meet its long-term capital needs and comply with the provisions of the Bond Ordinance. The policy provides guidance on the types and structures of debt instruments and the methods of sales to be considered. The policy also specifies the selection process of underwriters and other professionals for debt transactions. In addition to addressing the sale of debt, the policy also demonstrates the Authority's goal to provide debt management activities such as timely continuing disclosure filings and rating agency communications that will help the Authority to maintain and improve its credit ratings to reduce the future cost of capital.

*Investment Policy* – The Authority's investment policy was adopted on October 22, 2015 and amended on March 24, 2021. Funds in excess of current Regional Sewer System requirements are invested by the Authority in accordance with Michigan law. The Authority may invest in direct obligations of the United States, obligations of an agency or instrumentality of the United States, repurchase agreements, mutual funds that invest solely in such government obligations and repurchase agreements, certain grades of commercial paper, bankers acceptances of United States banks, and certificates of deposit, savings accounts or depository receipts of savings and loan associations or member banks of the Federal Deposit Insurance Corporation. This policy was amended in 2021 to add Certificates of Deposit Account Registry Service as an eligible investment.

The purpose of the investment policy is to endeavor to accumulate a pool of assets sufficient to build capital for future use with the corresponding obligations to support near-term and long-term needs of the Authority. The investment policy attempts to maintain and protect investment principal while striving to maximize total return on the portfolio consistent with risk limitations, pursuant to guidelines set forth in Act 20, Public Acts of Michigan, 1943, as amended. The Authority has not experienced material investment-related losses in any Authority-managed funds. As of June 30, 2025, the Sewer Fund held cash and investments with a total market value of $762,640,198, and the longest investment has a maturity date of March 31, 2028.

**Employees**

As of June 30, 2025, the Authority had 1,130 employees, including persons with professional qualifications in the fields of water and wastewater operations, construction, engineering, capital planning, environmental science, facility and systems security, accounting, finance, law, and management. The Authority believes that its relationships with its employees and their representatives are generally good.

GLWA has active collective bargaining agreements ("CBAs") with its five union-represented workforce. Three of the agreements' expiration dates have passed, but they remain in effect on a day-to-day basis while the parties negotiate successor agreements. The unions and the number of full-time equivalent ("FTE") employee members as of June 30, 2025 are:

| **Union** | **FTEs** | **CBA Expiration Date** |
|---|---|---|
| American Federation of State County and Municipal Employees, Local 2920 | 382 | 6/30/2025 |
| Association of Professional Construction Inspectors | 10 | 6/30/2024 |
| Michigan Building and Construction Trades Council | 49 | 6/30/2024 |
| Senior Water Systems Chemist Association | 63 | 6/30/2027 |
| Association of Municipal Engineers | 31 | 2/29/2027 |

**Retirement and Other Employee Benefits**

GLWA offers a modernized employee benefit program which provides the flexibility to attract and retain a multi-generational workforce and ensures that GLWA will have no unfunded liabilities.

GLWA offers its full-time employees a defined contribution retirement plan with an optional, participatory deferred compensation plan which are administered by an independent third party. GLWA contributes an amount equal to 6% of base wages for eligible employees to the defined contribution retirement plan. Employees may make voluntary pre-tax contributions to the deferred compensation plan up to the annual limits set by the Internal Revenue Service (the "IRS"). GLWA matches an employee's voluntary contribution, per pay period, on a dollar-for-dollar basis up to 3% of base wages. Both the 6% employer contribution and the 3% employer matching contribution are subject to a three-year cliff vesting schedule. If an employee is in a new Apprenticeship classification, the vesting period is a seven-year cliff schedule. The longer vesting period is a reflection of the four-year Apprenticeship learning portion and the three actual years of regular employment.

Full-time employees of GLWA are also eligible to participate in group medical, prescription drug, dental, and vision plans offered by GLWA. Under these plans, covered employees contribute 20% of the premium costs of these benefits through employee payroll deductions based upon the plan and coverage tier selected by the employee. GLWA provides employer-paid group life insurance and disability insurance to full-time employees as well as a flexible spending account.

GLWA offers a defined contribution retiree health care savings program. GLWA contributes eighty dollars ($80) per pay period for active full-time employees. Those employees contribute ten dollars ($10) dollars per pay period on a pre-tax basis. GLWA's contributions are subject to a three-year cliff vesting schedule. Vested account balances are available to pay for post-employment health care expenses for participants and their beneficiaries on a tax-free basis. The plan design results in no post-employment retiree healthcare liability.

## THE REGIONAL SEWER SYSTEM

The major components of the Regional Sewer System include the water resource recovery facility, formerly referred to as the wastewater treatment plant, and a 202-mile conveyance system consisting of eight combined sewer overflow facilities including five retention treatment basins and three flow-through treatment type facilities, six sewage lift stations and three interceptors, and certain major trunk and lateral sewers. All of the Regional Sewer System facilities are located in the City of Detroit. The Authority believes that the Regional Sewer System is adequate to meet the current needs of customers and to meet the current federal requirements of the EPA under the Clean Water Act. Some repairs, replacements and major improvements are necessary to improve operations and ensure continued compliance with environmental standards. The flow of wastewater is monitored and remotely controlled by the System Control Center, which allows the Authority to remotely control most conveyance system facilities.

Pursuant to its lease and service agreements GLWA operates one combined sewer overflow facility that offers retention and treatment, and four sewage lift stations on behalf of DWSD.

### The Water Resource Recovery Facility

The Water Resource Recovery Facility (the "WRRF") is one of the largest single site wastewater treatment facilities in the United States. The WRRF has treated a daily wastewater flow that has averaged 502 million gallons per day ("mgd") over the past three years and services the needs of approximately 28% of the State's population.

Major treatment processes at the WRRF include raw wastewater pumping and preliminary treatment (grit removal, screening and chemical addition) of the incoming wastewater; primary clarifiers, to separate the heaver material from the wastewater and remove carbonaceous biochemical oxygen demand ("CBOD") and phosphorous through chemical addition; aeration basins and secondary clarifiers to remove additional CBOD and phosphorous from the treated wastewater; gravity thickening of the solids, solids dewatering using belt filter presses and centrifuges, and final solids disposal using a combination of production of fertilizer pellets and ash by the Biosolids Dryer Facility ("BDF"), and incineration for land application; and disinfection of the final effluent using chlorination to kill harmful bacteria followed by dechlorination to remove residual chlorine from the water prior to discharge.

The BDF was constructed using a public-private partnership where a private company, New England Fertilizer Company ("NEFCO"), designed, built, operates and maintains the BDF facility pursuant to a contract with GLWA that currently extends through October 2037. The BDF is currently operating at its full functional capacity. As such, it provides solids handling capability sufficient to meet approximately 75% of the average daily solids load as well as providing improved management of peak biosolids, and preservation of landfill capacity, reduced trucking, odors and noise, and the production of an environmentally beneficial use for biosolids. Solids not processed through the BDF are incinerated, producing ash which is also used as fertilizer.

**Conveyance System**

The wastewater conveyance system consists of a network of sewers and sewage lift stations which collect and transport wastewater to the WRRF. During wet weather, additional wet weather capture and treatment facilities, called combined sewer overflow control facilities, are present and utilized. The conveyance system currently has a total service area of approximately 952 square miles and serves 83 communities including the City of Detroit.

GLWA conducts annual assessments of its sewers and manholes using industry-standard PACP ("Pipeline Assessment Certification Program") and MACP ("Manhole Assessment Certification Program"). The data collected through these assessments supports the Linear System Integrity Program by helping to identify urgent repair needs, prioritize maintenance activities, enhance GIS-based asset location accuracy, and inform decisions on inspection frequency, long-term maintenance, capital improvements, and overall operations and maintenance planning.

**Historical Wastewater Volumes**

The treated wastewater volumes have not changed materially during the last five years largely due to the fact that only about one-third of the treated wastewater volumes are related to sanitary volumes that result from customer water use. The majority of treated wastewater volumes are related to the infiltration into the sewer system, or the runoff into the combined sewer system, of wet weather flows. The volatility of wet weather events can dramatically affect the level of flow received at the WRRF, irrespective of population levels or water use patterns.

The Authority continues to meter and monitor contributed wastewater volumes from all customers, in order to best understand flows in the system and to collect data for future cost allocation analyses. Table I-2 in Appendix I provides a summary of wastewater volumes for Fiscal Years 2021 to 2025.

## GLWA SERVICE AREA

The Authority provides wholesale sewage collection, treatment, and disposal services in a service area encompassing 952 square miles within three Michigan counties with an estimated population of nearly 2.8 million or approximately 28% of Michigan's population. The service area is a part of the Detroit-Warren-Dearborn Metropolitan Statistical Area (the "Detroit MSA").

Employment and demographic information on the Detroit MSA can be found in Appendix III.

## GLWA CUSTOMERS

The Authority's customers include the regional communities and districts to which it supplies wholesale service via wholesale service contracts and the Detroit Retail Customer class which it serves via the terms of the Water and Sewer Services Agreement.

**Regional Wholesale Customers**

The Regional Sewer System includes 83 communities served through 18 wholesale customer contracts and the Water and Sewer Services Agreement with the City of Detroit. The Regional Sewer System receives wastewater from its wholesale customers at its interceptor sewer system, generally delivered at the boundaries of the City. The quantity of wastewater discharged by the wholesale customers into the Regional Sewer System is measured with a sewage meter or estimated on the basis of water consumption and other factors. In all cases, direct contract wholesale customers of the Authority and their own contracted customers are responsible for the construction and maintenance of their own internal retail sewerage systems for collecting the wastewater and delivering it to the Regional Sewer System.

*Wholesale Contracts*

Customers on 30-year Model Contract. The model sewer service contracts generally provide for (i) the receipt, transportation, treatment and disposal of wastewater generated within the wholesale customer's service area by the Authority at designated points of connection to the Authority's interceptors, at specified rates of flow and (ii) payment by the wholesale customer for all wastewater treated at reasonable charges established by the Authority. The wholesale customer is solely responsible for transmitting the wastewater from its retail customers to the Authority's interceptors, for local billing, collection and retail rate setting.

The model contracts have a 30-year initial term and automatically renew for additional 10-year terms unless a party to the contract provides written prior notice of intent to terminate at least five years prior to the end of the then-current contract term. In the event of an early termination by the wholesale customer, the model contracts provide that the wholesale customer is liable to GLWA for the payment of any capital costs incurred by GLWA related to the provision of services to the customer, unless the termination is for cause, in which case GLWA has cure rights. The model contract provides that GLWA has no responsibility for operating, repairing, replacing or maintaining any portion of the customer's retail system.

The model contracts also provide that the One Water Partnership (formally, the "Steering Committee") established to facilitate a cooperative working relationship between GLWA and its wholesale customers, will remain in place for the contract term. In addition, the model contracts include other provisions required for the orderly operation of an integrated sewerage disposal system such as the following: (i) restrictions on sending flow from outside the limits of the particular municipality or other public entity without the consent of GLWA; (ii) measurement of sewage transmitted through meters; (iii) the metered flow of sewage as the basis for billing; (iv) prohibition against reducing flow without prior written approval of GLWA; (v) the creation of standards for construction of wastewater collection and transport facilities and GLWA approval of construction plans therefor to ensure a uniform standard throughout the area; (vi) GLWA notification of changes in annual charges; (vii) payment and late payment terms; (viii) delineation of ownership, operation and maintenance responsibilities between the regional system and the wholesale customer's retail system; and, (ix) maximum allowable flow limits by the wholesale customer.

Customers not on Model Contract. Each of the four wholesale customers not yet utilizing the model contract previously executed an agreement with the Department, assigned to the Authority under the Lease, for an initial term ranging from ten years to an indefinite duration. The agreements executed prior to 1963 without an indefinite duration have typically passed their initial term, and most of such agreements provide for automatic renewal terms or renewal terms upon the consent of the parties. As reflected on the following table entitled "Wholesale Sewage Treatment Contracts", certain wholesale agreements that require renewal upon the consent of the parties have not been formally renewed, but the parties to such contracts continue to perform in accordance with the terms of the contracts. The agreements have notice requirements for termination after the initial term of the contract, from one to three years for any reason and from sixty days to ninety days for cause. The agreements may also be terminated by mutual consent of the parties. Under the typical agreement, the Authority, subject to certain terms and conditions, is obligated to receive and provide treatment for the wastewater from the wholesale customers at designated points of connection. The wholesale customer is required to pay for treatment of all wastewater delivered to the Regional Sewer System at rates related to the cost incurred in providing the service. Negotiations with the remaining four wholesale customers continue. Until such time as the model contracts are executed, the agreements currently in effect will govern the relationship between the Authority and these four wholesale customers. Even without a model contract, there is no evidence that these wholesale customers intend to leave the

Regional Sewer System in the foreseeable future and undertake the capital investment to comply with State and federal regulations related to the treatment of wastewater.

*Wholesale Customer Information*

Information on the regional system ten largest wholesale customers can be found in Table I-5 in Appendix I. The table shows the ten largest wholesale member partners based on charges revenues for the last five years and shows the ten largest suburban wholesale member partners as a percentage of total operating revenue.

*Wholesale Customer Billing and Delinquencies*

Wholesale customers are billed monthly. The model contract has a provision for a late payment charge of 1.5% per month for each month that a bill remains unpaid. Payment of charges to the Authority is not contractually dependent upon collections by the wholesale customers from their respective retail customers. Wholesale customers are responsible for their own retail billing systems. In the event of a wholesale customer delinquency, the Authority has options available to it under the relevant contractual agreement, including the right to early termination costs and to obtain a judgment against the wholesale customer.

**DWSD and The City of Detroit Retail Customer Class**

GLWA provides wholesale water and sewer services to the Detroit Retail Customers as a class under the terms of the Water and Sewer Services Agreement. The City then provides local retail water and sewer service to the Retail Customers of the Local Water System through the DWSD.

DWSD provides local water, wastewater, and drainage services to a customer base of Detroit residential and non-residential customers ("Retail Water Customers" and "Retail Sewer Customers"). DWSD also provides water supply services to certain retail customers outside the City on a very limited basis. DWSD's sewer network consists of more than 2,700 miles of distribution lines.

DWSD is an enterprise agency of the City of Detroit, established under the City Charter and is governed by a seven-member Board of Water Commissioners ("BOWC"), which meets monthly. The seven members of the BOWC are appointed by and serve at the pleasure of the Mayor of the City. The members of the BOWC serve four-year terms which are staggered so that not more than two members' terms expire each year.

*DWSD Retail Customer Rates*

The City, through the BOWC and without further approval by the City Council, is required to set retail rates in the aggregate amount necessary to meet, among other items, the allocated annual revenue requirement that the Authority establishes for Retail Customers, to cover the Local Sewer System's share of debt service on the portion of the Authority Bonds issued to finance capital improvements to the Local Sewer System and not covered by Lease Payments (as provided under the Water and Sewer Services Agreement and the 2018 MOU as defined below), as well as the other reasonable operating and maintenance costs of the Local Sewer System. Retail Customers are billed on a monthly basis, and water, sewerage and drainage charges are included on the same bill. Rate changes, once established, generally become effective the following July 1. Based on the approved Fiscal Year 2026 retail rates, the typical monthly bill is approximately $88 for combined water and sewer service charges based on 500 cubic feet of water consumed per month and a 5/8" meter and 0.05 impervious acreage. The Department also bills various governmental agencies, including the City, for service.

Pursuant to the Leases, the Authority (i) has the exclusive right to establish rates for water and sewer service it provides to customers of the Systems including Retail Customers, (ii) may delegate its rights to establish rates for those services to one or more agents, as it deems necessary or convenient, and (iii) directly or through an agent, has the exclusive right to charge, bill to and collect from such customers amounts for such services, including the retail rates and charges. Under the Water and Sewer Services Agreement, the Authority has delegated to the City, as its agent, its rights to set and collect rates with respect to services provided by the Authority to Retail Customers of the City. The Authority may terminate its appointment of the City as agent for the Authority if the City fails to perform its duties, obligations or administrative functions in accordance with the Water and Sewer Services Agreement.

*Retail Customer Collections and Delinquencies*

The City, as the agent of the Authority, or the Authority if such agency is terminated, has a right to discontinue the supply of water to any premises for non-payment of water or sewer bills when due. It is the Department's policy that Retail Customers may have their service interrupted for non-payment if the account is more than thirty days in arrears (although the service interruption program was in an active moratorium from March 2020 through March 2023). Residential customers are notified of payment plan options and financial assistance programs if they demonstrate that their account is delinquent due to financial hardship. The Department has been able to improve collection efforts with increased contacts with delinquent customers before service interruptions occur and earlier intervention with customers on payment plans when they become delinquent. See "GLWA CUSTOMERS - Water Residential Assistance Program, Lifeline Plan and Lifeline H2O" below. Residential customers may be subject to constitutional safeguards regarding due process, including notice and hearing requirements in the event of discontinuation of services.

In the event that an account remains delinquent for more than six months, the Municipal Water Lien Act, MCL 123.161 et seq., provides that the charges for water and sewage service furnished to premises may become a lien on such premises when the service is provided, and the lien may be placed on the property tax roll. The lien may then be enforced in the same manner as the collection of property taxes and enforcement of a lien for property taxes (assuming proper statutory notice to the party responsible for the payment of the charges); such lien may be enforced by the City on behalf of the Authority or by the Authority directly. The Department historically has transmitted commercial and industrial delinquent accounts to the City Treasurer who places the delinquent amount on the winter tax bill. If the delinquent amounts are not collected by the City Treasurer by March 1 of each year, the City transfers unpaid real property tax bills to Wayne County for collection in accordance with State law. The City receives payment for such taxes from Wayne County's delinquent tax revolving fund as of March 1 each year, which is funded by the issuance of Delinquent Taxes Anticipation Notes. If the delinquent real property taxes remain uncollected after three years, Wayne County charges the respective amount of such taxes back to the City.

Additional information on the local retail system receivables can be found in Appendix I.

*Certain Provisions of the Master Bond Ordinance Relating to Retail Revenues*

All receipts collected from Retail Sewer Customers of the City of Detroit (the "Retail Revenues") are deposited directly into the Receiving Fund held under the Master Bond Ordinance. Retail Revenues in an amount equal to one twelfth of the then current Fiscal Year's O&M Expenses of the Local Sewer System are then transferred monthly to the Detroit Local O&M Account of the Operation and Maintenance Fund and are then available to be applied by the City to its operation and maintenance expenses for the Local Sewer System. Net Revenues (all Revenues received except for those Revenues transferred to the Operation and Maintenance Fund) are then applied to the flow of funds as required by the Master Bond Ordinance)

GLWA continues to report positive net receipts under the Master Bond Ordinance for the Local Sewer System due to concerted efforts by DWSD leadership to manage budgeting, forecasting and cash collections. Local System net receipts are applied in the order provided in and consistent with the flow of funds in the Master Bond Ordinance and consists of Retail Revenues less required Master Bond Ordinance disbursements related to the Local System.

*Contractual Obligation Receivable*

Pursuant to the Water and Sewer Services Agreement, the City through DWSD is responsible for paying the portion of debt service on the bonds assumed by the Authority that were issued to finance the cost of improvements to the Detroit local facilities, though the bonds themselves continue to be secured by the net revenue of GLWA and the revenues of the Detroit Retail Customer class. The resulting contractual obligation is a receivable recorded by the Authority and is repaid by DWSD based upon an agreed upon schedule. Additionally, under the terms of the Master Bond Ordinance the Authority is authorized to issue GLWA parity Revenue Bonds for the purposes of funding improvements to the Local Sewer System. Any new debt issued on behalf of the City for DWSD is also included in the contractual obligation receivable. See Note 8 "Contractual Obligation Receivable" of Appendix IV "Audited Financial Statements of the Authority".

*DWSD Annual Budget*

Pursuant to the terms of the Water and Sewer Services Agreement, the City shall prepare and submit to the Authority on or before January 1of each year, a preliminary two-year budget forecast for the Detroit Local Systems for the following two Fiscal Years that sets forth projected revenues and expenses for each such Fiscal Year. The preliminary budget forecast shall set forth the City's assumptions for at least that two-year period with respect to demand for Water Services and Sewer Services and the expected delinquency level for amounts billed to Retail Customers in the City. The preliminary forecast for each such Fiscal Years shall project revenues necessary to generate, among other items, the sum of the projected expenses and revenue requirements for the Detroit Local Systems for such Fiscal Years (collectively, the "Local Revenue Requirement") and the City share of the Authority's Revenue Requirement. No later than March 23 of each year the City shall adopt and provide the Authority with a copy of the Detroit Local System Budgets for the following two Fiscal Years.

*Certain Provisions of the 2018 Memorandum of Understanding*

On June 27, 2018, GLWA entered into a 2018 Memorandum of Understanding with DWSD (the "2018 MOU") to provide for clarification and adjustments contemplated by the Leases, the Water and Sewer Services Agreement and the Bond Ordinances for the Sewer System and the Water System. See Appendix XI. Pursuant to the 2018 MOU, if there is a cumulative negative variance of more than two percent (2%) of the total budget for either the Local Water System or the Local Sewer System (a "Budget Shortfall") from its budget adopted pursuant to the Water and Sewer Services Agreement based on DWSD's quarterly reports to GLWA, DWSD, as the agent of GLWA, shall convene a meeting of the Reconciliation Committee and develop a plan to cure the Budget Shortfall. If the Budget Shortfall is not cured within the same Fiscal Year, DWSD shall reallocate available funds in the related DWSD Improvement and Extension Account of the Improvement and Extension Fund or reallocate any unencumbered Lease Payment to eligible debt service to satisfy the Budget Shortfall. Budget Shortfalls not cured by the end of the Fiscal Year following the year in which they arise shall be repaid in full, in installments, over a period not to exceed the next three fiscal years, plus a surcharge as set forth in the 2018 MOU, as part of the Revenue Requirement payable by DWSD.

*Lease Payments*

Part of the consideration for the Lease is an allocation of $27,500,000 per year (the "Lease Payment") to the Local System, to be funded from a portion of the overall revenue requirements for the Regional Sewer System. The Lease Payment will be held by GLWA under the Master Bond Ordinance and will be applied to the flow of funds under the Master Bond Ordinance, and, after provisions are made for payment in full of debt service and pension liability payments in the flow of funds, shall be applied solely, at the City's direction and discretion, to either the cost of improvements to the Local Sewer System, or to the payment of debt service on Bonds associated with such improvements to the Local Sewer System, or to the City's otherwise allocated share of GLWA debt service.

*GLWA Assumption of Certain Legacy Retirement System Obligations of DWSD*

The City of Detroit Chapter 9 Bankruptcy Plan of Adjustment (the "Plan of Adjustment") required DWSD to fund its portion of the General Retirement System of the City of Detroit Component II pension plan, which was frozen as of June 30, 2014, over a nine-year period ending June 30, 2023 (the "Required Annual GRS Payment"). Upon the operational effective date of the Authority, GLWA and DWSD agreed to split that annual contribution based upon a historical staffing analysis with 70.3 percent allocable to GLWA and 29.7 percent to DWSD. With the ending of the initial nine-year period on June 30, 2023, the yearly contribution is now the Actuarial Determined Employer Contribution for the Unfunded Actuarial Accrued Liability for DWSD. The Authority includes these amounts in its calculation of charges to the users of the Regional Water System and the Regional Sewer System. For further information see Note 17 of the Audited Financial Statements in Appendix IV.

Under the Plan of Adjustment DWSD was also required to pay an allocated share of an obligation of the City for which the Authority makes a payment to the City for its allocable share of certain City of Detroit Financial Recovery Bonds which were issued pursuant to the Plan of Adjustment to satisfy in whole or in part claims relating to the City's pension obligation certificates and post-retirement health benefits (the "BC Note Obligation"). This liability is a known non-operating expense commitment; and it is not expected to change in the future. For further information see Note 12 of Audited Financial Statements in Appendix IV.

**GLWA Service Charges to Customers**

The Authority's wholesale sewer service charges are developed to provide sufficient levels of revenue to meet all operation and maintenance expenses of the Sewer System, debt service requirements on obligations issued for the Sewer System, capital improvement expenditures to be funded from current revenues, and other specific bond ordinance and revenue requirements. A schedule of wholesale sewer service charges is developed for each wholesale customer, and an annual wholesale revenue requirement is established for the City of Detroit Retail Customer class, by determining the total costs of service and individual customer sewer service requirements. All customers are proportionally allocated costs of service based on their use of the Regional Sewer System.

The Authority's wholesale sewer service charges and the Authority's allocated revenue requirement to Retail Sewer Customers under the Water and Sewer Services Agreement are reviewed and adjusted annually. Charges for the Sewer System are determined by the "utility basis" method, which is recommended by the AWWA for municipally-owned utilities providing services to metropolitan areas and which the Sewer System is required to use under Michigan law. Under this method, the revenue requirement is comprised of three elements of cost: operation and maintenance expenses, depreciation expense and a return on the rate base. The Authority's wholesale service charge methodology consists entirely of fixed monthly charges and the annual revenue requirement for Detroit Retail Customer class is also recovered from a fixed monthly charge. For further information regarding historical service charge increases see Table I-5 in Appendix I.

**Water Residential Assistance Program, Lifeline Plan and Lifeline H2O**

Water Residential Assistance Program ("WRAP") is the first assistance funding program of its kind in Michigan and one of only a few models of sustainable assistance funding plans in the country. The direct costs to GLWA and DWSD for providing services to households for both the WRAP Income Based Plan (IBP) and DWSD's associated Lifeline H2O programs are limited by authorization and available budgeted funding. Funding for WRAP is one-half of one percent of GLWA's budgeted wholesale revenue (included in GLWA's adopted budget) and up to one percent of DWSD retail revenue (included in DWSD's adopted budget).

WRAP funding is available to all qualified households that receive water and/or sewer service from GLWA. To participate in WRAP, an applicant must have a household gross income at or below 200% of the federal poverty income thresholds.

For households outside the City, the IBP provides eligible residential customers with assistance by paying down arrears and bill payment assistance for up to two years. A household with a person 62 years of age or older and/or person(s) with a permanent disability can obtain bill credit assistance without an expiration date (referred to as WRAPfinity). The WRAPfinity bill payment assistance amount is based on the annual household water and sewer bill as a percentage of household income. The goal is to limit the household expense for the water and sewer bills to three percent of the household income after bill credits are applied.

Participants can also receive an in-home water audit and educational information on water use. If the in-home water audit finds lead or copper-based fixtures in the kitchen, bathroom, and utility room, they will be replaced. Also, leaks or nonfunctioning plumbing and other water fixtures can be repaired or replaced at up to $2,000 to create a healthy, safe, and livable home.

For Retail customers in the City, DWSD has maintained several customer assistance programs. In Fiscal Year 2023 DWSD launched the Lifeline Plan, a three-tier, income-based water affordability plan which provides a fixed monthly bill and shutoff protection to eligible households and utilizes regional, State and federal funding for the gap (difference between fixed bill amount and actual charges) and arrearage payments. In Fiscal Year 2025, DWSD implemented a program called EasyPay. Under this program, any customer type with a past-due balance may enroll with a $10 down payment, regardless of the total arrearage. The remaining balance will be spread equally across 36 months, and the customer is billed this amount in addition to their monthly charges. There are no income restrictions, and no penalties, fees, or interest added while the customer is in the program. EasyPay also provides shutoff protection as long as the customer remains current on their payments.

In Fiscal Year 2026, DWSD launched the Lifeline H2O program for residential customers within the City of Detroit. Households earning up to 200% of the federal poverty level are eligible to apply with an annual recertification of household income required. Eligible households are billed a fixed monthly amount for water, sewer, and drainage services. For households with high water usage or that have an indication of a leak, an in-home water audit is done, followed by minor plumbing repairs as needed. As of January 28, 2026, 1,900 households enrolled as eligible in the Lifeline H2O program.

## AUTHORITY FINANCIAL OPERATIONS

### Historical and Projected Financial Results

Appendix I contains information on the Authority's historical financial results. Appendix II contains information on the Authority's projected financial operations and does not incorporate actual results of the sale of the Series 2026 Bonds and the refunding of the Refunded Bonds.

### GLWA Budget Practices

GLWA has a rigorous budget process. The Authority's articles of incorporation, Article 9.H., require the Board to adopt a budget each Fiscal year in accordance with the uniform budget and accounting act, 1968 PA 2, MCL 141.421 to 141.440a. Article 9.I. of the Authority's articles of incorporation requires a two-year operating budget. The Authority's bylaws also require the Board to adopt a two-year operations budget and five-year capital improvement program under Article X, Sections 5(b) and (c) and Section 7. The biennial budgets approved by the Board have generally established the baseline plan from which to develop long-term financial plan forecasts. The Authority also conducts ongoing diligent review of financial activity during the fiscal year and employs a formal budget amendment policy.

Annually, a biennial budget and five-year plan are prepared concurrently. This process begins soon after the current fiscal year begins with the operating area budget managers. A preliminary budget is presented to the GLWA Audit Committee of the Board in December and then to the full Board in January. It is also presented to the GLWA customer base for comments during the charge development process. The final proposed biennial budget and five-year financial plan, as well as a five-year CIP, is presented to the full GLWA Board during a public hearing in February. Once approved, the budget takes effect on July 1$^{st}$ of the fiscal year.

The legal level of budgetary control is the bottom line of each of the budgeted revenue requirements to align with the charge setting process. Components of the revenue requirements are referred to as appropriation categories. The budget shall not be increased or decreased by appropriation category without prior Board authorization. The Board is provided a detailed budget by line item which supports the totals in each appropriation category at the time of budget approval. The Chief Financial Officer may exercise discretion to modify the detail budget line items within each appropriation category.

The budget is prepared on a modified cash basis and the revenue requirements are determined based upon the cash needed to meet the expenditures as required by the Master Bond Ordinances. A budget to actual comparison is included in the Schedule of Revenue Requirements in the Supplementary Information section of the Audited Financial Statements in Appendix IV. A crosswalk is provided in the Supplementary Information section of the Audited Financial Statements in Appendix IV that provides a reconciliation between budget basis results in the Schedule of Revenue Requirements to the accrual basis results in the Statement of Revenues, Expenses and Changes in Net Position of the Audited Financial Statements in Appendix IV.

The budget generally includes several depictions of the overall financial plans, including a schedule that reflects "Sources of Revenues and Uses of Revenue Requirements – Flow of Funds Consistent with the Master Bond Ordinance." That consolidated schedule includes elements related to the wholesale service requirements of the Authority, as well as the retail service requirements of DWSD, and recognizes that all receipts from both organizations flow through the Bond Ordinance flow of funds.

# THE MASTER PLAN AND THE CAPITAL IMPROVEMENT PLAN

## Regional Wastewater System Master Plan

The Comprehensive Regional Wastewater Master Plan (the "Wastewater Master Plan"), developed through a collaborative planning process with stakeholders from April 2017 to September 2019 is GLWA's strategy for providing wastewater services to its member communities over 40 years (2020 to 2060). GLWA and its member partners began implementing the Wastewater Master Plan in 2020.

The Wastewater Master Plan started with identifying five key outcomes:

1. Protect public health and safety;

2. Preserve natural resources and a healthy environment;

3. Maintain reliable, high-quality service;

4. Assure value of investment; and

5. Contribute to economic prosperity.

Its collaborative nature embraced the "pipes don't know the boundaries" concept and knit together hydraulic and hydrologic models of the member partners' systems with the GLWA regional model to provide a solid foundation for assessing wastewater flows in wet weather conditions. The plan developed recommendations that are adaptive and opportunistic, optimizing existing infrastructure, measuring water quality benefits and reassessing the need for scope, location and technical details of future projects. Alongside this approach is integrated operations with GLWA's member partners. GLWA is rolling out web-accessible dashboards that provide member partner utility operators critical wastewater system data and guidelines for real-time flow management. This real-time flow management includes decision making on operational elements during wet weather events. The approach, termed the Regional Operating Plan or ROP, allows the spatially varied nature of rainfall to be identified and operational decisions made to make better use of pipes in areas where the rain has had lesser effects.

The concept of investing based on best environmental value for the region has taken root and is evidenced by member partners considering that their next best infrastructure investments may be in a downstream location that is in another municipality. As these concepts have grown, the technical and planning effort has given way to consideration of cost allocation of these new and regionally focused projects. Master plan recommended projects have been placed in GLWA's rolling Capital Improvement Plan ("CIP") and operational initiatives such as a regional surface water quality monitoring system and formation of a watershed hub have been included in GLWA's operational budget.

## Regional Sewer System Capital Improvement Plan and Planning Process

The Regional Sewer System CIP is a dynamic roadmap to capital delivery and requires continual review and modification during the course of each year. GLWA's CIP supports the continuation of major capital asset investment in programs and projects that will upgrade its water and wastewater system infrastructure. GLWA's capital replacement strategy is to increase resiliency of water and wastewater systems, adhere to long-term planning recommendations and actively solicit stakeholder input for best-in-class planning and execution.

The CIP is a five-year plan which identifies capital projects and programs and their respective financing options. The CIP is updated annually to reflect changing system needs, priorities and funding opportunities. The Capital Improvement Plan for Fiscal Years 2026-2030 was approved by the GLWA Board on February 26, 2025 and the Capital Improvement Plan for Fiscal Years 2027-2031 was approved on February 25, 2026. The CIP expenditure schedule can be found in Table II-1 in Appendix II.

In response to extensive flooding over the past decade, a General Investigation ("GI") study will be conducted under a joint agreement with the US Army Corps of Engineers ("USACE") to evaluate and improve the resiliency of southeast Michigan to address flooding due to the ongoing impacts of climate change on aging infrastructure. GLWA and USACE in partnership with strategic representatives from customers, the State, including EGLE and the Michigan Department of Transportation, and the Southeast Michigan Council of Governments, will conduct a GI study under the USACE's model agreement for cost shared feasibility studies. Federal funds have been authorized in the amount of $1.1 million. The state and local contribution will match the federal contribution on a 50/50 cost share basis. The study will evaluate the implementation of flood resiliency concepts such as engineering with nature, green infrastructure, storage at grade and/or deep tunnels, storm pumping, strategic sewer separation, regional operation optimization of existing infrastructure, and similar technologies to address ongoing flooding concerns as well as the long-term impacts of climate change.

**The Regional Sewer System Capital Improvement Plan Financing Plan**

The Authority uses an incremental method of capital project funding rather than funding all projects in advance. The Authority's capital financing strategy is designed to align capital project financing sources with program requirements in a framework that balances multiple goals, including to: (i) recover the costs of capital investment over the useful lives of the capital assets; (ii) minimize the impact of the capital programs on water service charges; and (iii) protect and enhance the Authority's financial position. The Authority employs a policy of establishing capital financial plans based on a CIP spend rate assumption. This policy recognizes the challenges of executing multiple large infrastructure projects and provides an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond the Authority's control and/or delayed for non-budgetary reasons. Reasons for those difficulties include coordination of work with public and private entities, interdependency of projects, and seasonal outdoor conditions

The Regional Sewer System CIP financing requirement is estimated to cost $1.3 billion from Fiscal Year 2027 through Fiscal Year 2031. The Authority has several funding sources for the CIP, including the issuance of senior lien or second lien bonds as well as draws on loans received through the State of Michigan Clean Water State Revolving Fund ("CWSRF"). A portion of the CIP will be financed with funds on hand and additional revenues. Detailed information on the financing plan for the CIP can be found in Table II-2 in Appendix II.

**Local Sewer System Capital Improvement Plan**

DWSD utilizes a five-year Capital Improvement Plan (the "Local CIP" or the "Local Sewer System CIP") to maintain and improve the reliability of the Local Sewer System, meet regulatory standards as well as to achieve greater operating and maintenance efficiency. The Local CIP must be approved by a supermajority of at least five members of the BOWC.

Under the terms of the Master Bond Ordinance the Authority is authorized to issue GLWA parity Revenue Bonds for the purposes of funding improvements to the Local Sewer System, and under the terms of the Water and Sewer Services Agreement, no later than February 1 of each year, DWSD is required to develop and provide the Authority with the Local Sewer System CIP. The Local Sewer System CIP must include the capital improvements and an estimate of the costs which DWSD plans to undertake in the next Fiscal Year, and projected capital improvement projects and estimates for the four years following.

At least three months prior to finalizing the Local Sewer System CIP and any modifications thereto, DWSD shall provide a copy of the proposed Local Sewer System CIP to the Authority solely for the purpose of: (A) coordinating the Local Sewer System CIP and the Regional Sewer System CIP to maximize economies of scale, minimize service disruptions and to achieve other efficiencies from a coordinated implementation effort, and (B) providing notice to the Authority of any financing requirements of DWSD for the Local Sewer Facilities to be satisfied from Lease Payments and/or the issuance of Additional Bonds or requests for collaboration on grant applications or other funding opportunities. Upon receipt of the adopted Local Sewer System CIP from DWSD, the Authority shall ensure that its financial planning and budgeting reflect the foregoing requirements.

The Local Sewer System CIP provides a framework for ensuring that capital plans are consistent with DWSD's overall organizational goals within a set of financial considerations including fiscal capacity, debt service obligations, impact on operating budgets and reserve levels. Actual project proposals are initiated and reviewed within the context of the Local Sewer System CIP. Deviations from the Local Sewer System CIP could occur as a result of factors such as actual bids versus cost estimates, unforeseen cost-benefit scenarios and grant opportunities.

**Local Sewer System Capital Improvement Plan Financing Plan**

The Local Sewer System CIP financing requirement from Fiscal Year 2026 through Fiscal Year 2030 is estimated to be $726 million in total capital expenditures expected to be funded by a combination of GLWA revenue bond proceeds, CWSRF loan proceeds (secured by GLWA Junior Lien parity debt obligations), grants, existing balances in the Local System Construction Fund and the Detroit Local Improvement and Extension Account of the Improvement and Extension Fund, and annual transfers of Lease Payments. DWSD has indicated its expectation to participate in a GLWA revenue bond transaction to secure capital financing in Fiscal Year 2028. Table II-3 in Appendix II details the planned expenditures and the projected funding sources for the Fiscal Year 2026-2030 Local Sewer System CIP.

## SYSTEM CONSULTANT OPINION LETTER

Certain financial forecasts contained in this Official Statement in Appendix II have been examined by The Foster Group, as system consultant to GLWA (the "System Consultant"). The conclusions of the System Consultant with respect to the reasonableness of the forecasts are set forth in an opinion letter attached as Appendix V of this Official Statement.

## ENVIRONMENTAL MATTERS AND LITIGATION

**Environmental Matters**

The Sewer System has continued to show improved compliance with applicable laws and regulations as it has continued to optimize its operations at the WRRF. Optimization has also benefited the environment as the treated water discharged from the WRRF is often cleaner than the surrounding water in the receiving body.

The operation of the Sewer System is subject to extensive regulation pursuant to the federal Clean Water Act, the Clean Air Act, the Michigan Natural Resources and Environmental Protection Act, and the administrative rules and regulations that have been promulgated pursuant to these statutes. These programs affect many facets of the Sewer System including the quality and quantity of wastewater discharged, monitoring and reporting requirements, the process for disposing biosolids, design, construction and operation of treatment and collection facilities, and the handling, storage, and management of hazardous materials and hazardous wastes. These federal, state and local standards and procedures that regulate the environmental impact of the Sewer System are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures.

Included in the regulatory framework established by the Clean Water Act is the National Pollutant Discharge Elimination System ("NPDES") permit program, which requires operation of wastewater treatment facilities according to discharge limitations and other requirements, set forth in a permit. The Authority and the City are co-permittees of an NPDES permit. The NPDES permit program is administered by the EPA through EGLE. The Sewer System's current NPDES permit was issued July 1, 2019 and runs through October 1, 2022. GLWA timely applied for a new NPDES permit and continues the process of negotiating it with EGLE. The provisions of the current permit remain in place until a new permit is issued. The NPDES permit includes compliance schedules for several capital improvement projects relating to the control of CSOs consistent with the Department's Long-Term CSO Control Plan (the "CSO Control Plan"). The Authority is generally in compliance with the permit deadlines.

Because the WRRF is not designed to remove cadmium, copper, lead, PCBs, mercury, or other toxic materials to the levels required by EGLE, these substances are controlled primarily through the Industrial Pretreatment Program ("IPP"). The NPDES permit incorporates requirements that the GLWA administer the IPP to control and regulate wastewater discharged to the Sewage Disposal System by industrial users, including the adoption of local limits for various pollutants.

There is no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels and fines. Legislative, regulatory, administrative or enforcement actions involving environmental controls could also adversely affect the operation of the facilities of the Sewer System. For example, if property owned or operated by GLWA is determined to be contaminated by hazardous materials, GLWA could be liable for significant clean-up costs even if it were not responsible for the contamination.

Except as noted in this section, the Authority has not been served with or is aware of any litigation, notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other environmental proceedings ("Environmental Proceedings") begun by environmental regulators which may have a material impact on GLWA's operations and, to the best of GLWA's knowledge, there are no threatened Environmental Proceedings which could have a material adverse impact on GLWA's operations.

*Affordability Waiver.* At the time that the current NPDES was issued, the median household income within the City was approximately $32,500, and roughly 35% of the City's residents lived below the poverty line. Although the City's rates for wastewater treatment were below the national average, the per household cost of wastewater treatment totaled approximately 3.0% of the median Detroit household's income as of June 2021. The traditional guideline for affordability is 2% of the community's median household income. EGLE granted the Authority and the Department, as co-permittees, an affordability waiver under NPDES permit periods through October 1, 2022, which allowed for flexibility in the schedule for implementing previously planned CSO construction. The current permit provides that starting with the next permit the Authority and Department must propose non-core CSO correction projects for EGLE's review. During these two permit periods, the Department and EGLE have agreed to focus on implementation of "green infrastructure" solutions and use of operational flexibility to reduce untreated CSO discharges. The Authority and the Department continue negotiations with EGLE for a successor permit to follow the current permit's expiration. The terms of the current permit remain in place until the successor permit is in place.

**GLWA Litigation**

GLWA has not been served with any litigation and, to the best of GLWA's knowledge, there is no threatened litigation against GLWA seeking to restrain or enjoin the sale of the Series 2026 Bonds, affecting the security pledged therefor or questioning or affecting the validity of the proceedings or authority under which the Series 2026 Bonds were issued. Neither the creation, organization or existence of GLWA, nor the title of any of the present members or other officers of GLWA to their respective offices, is being contested. GLWA has not been served with any litigation and, to the best of GLWA's knowledge, there is no litigation threatened which in any manner questions the right of the GLWA Board to adopt the Bond Ordinance or the 2026 Series Ordinance.

Except as noted in this section, GLWA has not been served with any litigation which may have a material impact on GLWA's operations or Revenues and, to the best of GLWA's knowledge, there is no threatened litigation against GLWA which may have a material impact on GLWA's operations or Revenues.

*Litigation and Claims regarding June/July 2021 Wet Weather Events in Southeast Michigan.* In June and July 2021, southeast Michigan experienced several extreme wet weather events. Two of the largest events occurred on June 25-26, 2021 and July 16, 2021. For these wet weather events, GLWA received over 24,000 claims. During the week of July 19, 2022, GLWA informed claimants and the general public that it had denied liability for all claims associated with these wet weather events. In addition, GLWA was served with over a dozen lawsuits. While no claim under an individual lawsuit would have a material impact on GLWA's operations or revenues, in the aggregate, the claimed amounts under all such lawsuits could be material. For the June 25-26 wet weather event, some areas in GLWA's service area experienced a 1,000-year storm. For the July 16 wet weather event, some areas experienced a 200-year storm. Both storms exceeded GLWA's design capacity. This finding was confirmed by an independent investigation and published in a report to GLWA's Board dated June 22, 2022. GLWA believes that the Sewer System was appropriately designed and that these wet weather events were of an intensity greater than the Sewer System's design standards and is confident in its ability to appropriately address these claims and lawsuits. The trial court dismissed many of the class action lawsuits against GLWA related to the June 25-26, 2021 and July 16, 2021 rain events, finding no defect in the Sewer System. The plaintiffs appealed the dismissal, and the Michigan Court of Appeals reversed the trial court's order and remanded the cases back to the trial court to allow Plaintiffs an opportunity for pre-trial discovery. GLWA has filed an Application for Leave to Appeal the Court of Appeals' decision to the Michigan Supreme Court. The Michigan Supreme Court has entered an order scheduling briefing on that Application.

*City of Dearborn Contract Negotiations.* Over the past decade, litigation has been filed and dismissed between GLWA and the City of Dearborn after failed negotiations regarding a long-term contract and master metering plan in the city. In 2025, GLWA and Dearborn entered into an agreement to resolve this matter and are in the process of implementing their agreement.

*Midwest Valve and Fitting Company et al. v. Great Lakes Water Authority and the City of Detroit*, Case No. 20-006845-CZ (Allen, D.). The plaintiff filed this lawsuit on behalf of itself and similarly situated persons and entities for which the plaintiff seeks class certification to challenge the validity of the City of Detroit's drainage charges. The case has been dismissed.

*Laurence Wolf, individually and d/b/a Wolf Properties,* Case No. 25-003683-CZ (Cox, K). This is a proposed class action lawsuit filed on March 11, 2025. The Plaintiff alleges that the GLWA Industrial Waste Control ("IWC") charge is an unlawful tax that violates the Headlee Amendment and the Equal Protection provisions of the Michigan Constitution. The Plaintiff has also alleged a claim of unjust enrichment. GLWA's Motion for Summary Disposition was denied on January 22, 2026. The Plaintiff has notified GLWA that it will file a First Amended Complaint that may include the joinder of additional parties. GLWA has good faith defenses to Plaintiff's claims, and intends to vigorously defend this action. In 2023, GLWA settled a similar class action which did not have a material impact on GLWA's operations or revenues."

**DWSD Litigation**

The information under this "DWSD Litigation" section has been furnished solely by DWSD. No representation is made by the Authority or the Underwriters as to the completeness or accuracy of such information. Except as noted in this section, the Department has not been served with any litigation which is expected to have a material impact on the Department's operations or revenues with respect to the Sewer System and, to the best of the Department's knowledge, there is no threatened litigation against the Department which is expected to have a material impact on the Department's operations or revenues with respect to the Sewer System.

*Binns et al. v. City of Detroit et al.*, Michigan Court of Appeals Case No. 337609 and *Detroit Alliance Against the Rain Tax et al (DAART) v City of Detroit et al.*, Michigan Court of Appeals Case No. 339176 (Boonstra, Murphy, Riordan, JJ). These are putative class actions filed on March 28, 2017 and July 12, 2017, respectively, by property owners in the City challenging the entirety of DWSD's drainage charge as unlawful under the Headlee Amendment to the Michigan Constitution and seeking to prohibit the City from assessing the drainage charge in the future. The plaintiffs in both cases argue that the drainage charge may not be imposed at all without approval by a majority of voters in the City and because such approval has not been obtained, the City should not have been charging the drainage fee because it is an unlawful tax and thus, the City must refund the fee for the period of time from one year preceding the date of the filing of the related lawsuit to present. The two matters were consolidated on October 24, 2017. On November 6, 2018, the Court of Appeals denied class certification and ruled that the drainage charge is an appropriate fee for service and not an unlawful tax. Plaintiffs appealed. After oral arguments, on December 11, 2020, the Michigan Supreme Court vacated the Court of Appeals ruling and remanded the case to conduct pretrial proceedings for purposes of fact-finding and to hold a hearing to receive evidence and arguments of law. The Court of Appeals appointed a Special Master in Wayne County Circuit Court to oversee the fact-finding phase and to provide the Court of Appeals with a written report setting forth proposed findings of fact and conclusions of law. The Special Master issued its Report on August 8, 2023 and concluded that the drainage charge is an appropriate fee for service and not an unlawful tax. On November 14, 2024, the Court of Appeals issued a ruling that the drainage charge was a valid user fee. The Plaintiffs requested certiorari from the Michigan Supreme Court, and certiorari was denied September 19, 2025. The Plaintiffs subsequently filed a motion for reconsideration, which the Supreme Court denied on November 21, 2025. As a result, the Court of Appeals decision became the final decision and the case was dismissed.

*Trappers Properties, L.L.C. et al. v. City of Detroit by and through the Detroit Water and Sewerage Department*, Wayne County Circuit Court Case No. 17-017274-CZ (Murphy, J.). This is a putative class action filed on December 6, 2017 by various property owners in the City. In particular, the plaintiffs allege that the City's drainage charges are unconstitutional taxes under the Headlee Amendment to the Michigan Constitution, that the charges violate the equal protection clause of the Michigan Constitution, and that the City has been unjustly enriched by collecting the charges. Plaintiffs also seek to enjoin the City from charging the drainage charge in the future. Because the plaintiffs believe the drainage fee is unlawful, they argue that the City must refund the fee for the period of time from six years preceding the date of the filing of the lawsuit (December 6, 2017) to present. Upon motion by the City, the Wayne County Circuit Court agreed to stay this matter pending resolution of the *Binns* and *DAART* matters before the Court of Appeals. The *Trappers* plaintiffs appeared as amicus parties in the *DAART* matter and filed supplemental briefs in the *DAART* matter addressing the merits of the *DAART* lawsuit. Given the final decision dismissing the Binns and DAART cases, DWSD requested that the Trappers Plaintiffs stipulate to dismiss their case. Plaintiffs agreed and this matter was dismissed with prejudice on April 9, 2026.

*Fort Street Business Park II, LLC et al. v. City of Detroit by and through its agent Detroit Water and Sewerage Department*, Case No. 17-017315-CZ (Murphy, J.). This action was filed on December 7, 2017 by a handful of property owners in the City alleging that the City's drainage charges are unconstitutional taxes under the Headlee Amendment to the Michigan Constitution, that the charges violate the equal protection clause of the Michigan Constitution, and that the City has been unjustly enriched by collecting the charges. Because the plaintiffs believe the drainage fee is unlawful, they argue that the City must refund the fee for the period of time from six years preceding the date of the filing of the lawsuit (December 7, 2017) to present. The parties also stipulated to an entry of a stay of the matter pending resolution of the Binns and DAART matters. Given the final decision dismissing the Binns and DAART cases, DWSD requested that the Fort Street Plaintiffs stipulate to dismiss this matter. This matter was dismissed with prejudice on March 23, 2026.

*Midwest Valve and Fitting Company et al. v. Great Lakes Water Authority and the City of Detroit*, Case No. 20-006845-CZ (Allen, D.). The plaintiffs in this matter stipulated to dismiss this case on February 6, 2026. See "GLWA Litigation" above.

*Litigation and Claims regarding June/July 2021 Wet Weather Events in Southeast Michigan.* Like GLWA, the City has received claims and been served with lawsuits related to the 2021 rain events. In most cases, the City is a co-defendant in the litigation with the Authority. The Department predicts that it will deny most of the 29,000 claims that it received. While no individual plaintiff would have a material impact on the Department's operations or revenues, in the aggregate, the claimed amounts could be material. For the June 25-26 wet weather event, some areas in the Department's service area experienced a 1,000-year storm. For the July 16 wet weather event, some areas experienced a 200-year storm. Both storms exceeded the Department's design capacity. The lawsuits are listed below:

*Joseph Achtabowski, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 21-014161-CZ; COA Case No. 367529. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' properties. The City and DWSD moved for summary disposition and were dismissed from the lawsuit. The Court of Appeals upheld the dismissal, and the Plaintiffs did not seek review of the Court of Ap-peals decision. As result, as of March 5, 2026, the dismissal of the City of Detroit and the Detroit Water and Sewerage Department became final.

*Shannon Adams, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 21-008745-CZ; COA Case No. 367530. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' properties. The City and DWSD moved for summary disposition and were dismissed from the lawsuit. The Court of Appeals upheld the dismissal, and the Plaintiffs did not seek review of the Court of Appeals decision. As result, as of March 5, 2026, the dismissal of the City of Detroit and the Detroit Water and Sewerage Department became final.

*Andrea Andrzejczak, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 21-013480-CZ; COA Case No. 367531. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' properties. The City and DWSD moved for summary disposition and were dismissed from the lawsuit. The Court of Appeals upheld the dismissal, and the Plaintiffs did not seek review of the Court of Appeals decision. As result, as of March 5, 2026, the dismissal of the City of Detroit and the Detroit Water and Sewerage Department became final.

*Timothy Brady, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 21-013987-CZ; COA Case No. 367532. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' properties. The City and DWSD moved for summary disposition and were dismissed from the lawsuit. The Court of Appeals upheld the dismissal, and the Plaintiffs did not seek review of the Court of Appeals decision. As result, as of March 5, 2026, the dismissal of the City of Detroit and the Detroit Water and Sewerage Department became final.

*Thomas Bearse, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 21-013979-CZ; COA Case No. 367534. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' properties. The City and DWSD moved for summary disposition and were dismissed from the lawsuit. The Court of Appeals upheld the dismissal, and the Plaintiffs did not seek review of the Court of Appeals decision. As result, as of March 5, 2026, the dismissal of the City of Detroit and the Detroit Water and Sewerage Department became final.

*Douglas Bulka, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 21-008465-CZ; COA Case No. 367535. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' properties. The City and DWSD moved for summary disposition and were dismissed from the lawsuit. The Court of Appeals upheld the dismissal, and the Plaintiffs did not seek review of the Court of Appeals decision. As result, as of March 5, 2026, the dismissal of the City of Detroit and the Detroit Water and Sewerage Department became final.

*Marlette Lanelle, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 21-009030-CZ; COA Case No. 367536. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' properties. The City and DWSD moved for summary disposition and were dismissed from the lawsuit. The Court of Appeals upheld the dismissal, and the Plaintiffs did not seek review of the Court of Appeals decision. As result, as of March 5, 2026, the dismissal of the City of Detroit and the Detroit Water and Sewerage Department became final.

*Chas Verheyden, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 22-003449-CZ; COA Case No. 367538. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' properties. The City and DWSD moved for summary disposition and were dismissed from the lawsuit. The Court of Appeals upheld the dismissal, and the Plaintiffs did not seek review of the Court of Appeals decision. As result, as of March 5, 2026, the dismissal of the City of Detroit and the Detroit Water and Sewerage Department became final.

A*bernathy, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 24-009089-CZ. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' properties. The City and DWSD agreed with the Plaintiffs to stay the case pending the outcome of the Court of Appeals decision in the related cases. Once the various Appeals to the Michigan Supreme Court are concluded, DWSD will seek to have this matter dismissed.

*Jerome Dubrulle, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 21-014057-NZ; COA Case No. 365363. The City of Detroit was named as a defendant in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' properties. The City moved for summary disposition and was dismissed from the lawsuit. Plaintiffs' appeal of the dismissal is pending.

The Court of Appeals upheld that potion of the dismissal of the City and DWSD that related to GLWA's operation and maintenance of the pumping facility but reverses the dismissal as to those claims that allege defect by the City and DWSD in maintaining the local system. The City and DWSD will vigorously defend against the claims.

*Pamela Eidt v. Great Lakes Water Authority, et al.*; WCCC Case No. 21-001315-NZ; COA Case No. 368545. The City of Detroit was named as a defendant in this lawsuit relating to the July 16, 2021 rainstorm that resulted in flooding or backup into plaintiff's property. The City moved for summary disposition and was dismissed from the lawsuit. In an unpublished and per curiam opinion the Court of Appeals reversed the trial court's dismissal of the City of Detroit and DWSD in August, 2025, stating that outstanding factual issues precluded dismissal. The City of Detroit and DWSD filed for leave to appeal to the Michigan Supreme Court, and that application is pending.

*GuideOne Mutual Insurance Co., et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 22-012566-CK. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' insured's properties. The action is stayed by agreement of the parties pending the outcome of the appeals in the related cases.

*Travelers Property Casualty Company of America, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 23-002286-NZ. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' insured's properties. The action is stayed by agreement of the parties pending the outcome of the appeals in the related cases.

*American Select Insurance Company, et al. v. Great Lakes Water Authority, et al.*; USDC EDMI Case No. 23-cv-11942. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' insured's properties. The City and DWSD moved to dismiss plaintiffs' complaint, which remains pending before the court.

*The Hartford Insurance Company, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 23-008094-NZ. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' insured's properties. The action is stayed by agreement of the parties pending the outcome of the appeals in the related cases.

*Selective Insurance Company of America, et al. v. Great Lakes Water Authority, et al.*; WCCC Case No. 24-008098-CZ. The City of Detroit and Detroit Water and Sewerage Department were named as defendants in this lawsuit relating to the June 25-26, 2021 rainstorm that resulted in flooding and backup into plaintiffs' insured's properties. The action is stayed by agreement of the parties pending the outcome of the appeals in the related cases.

*Central Avenue Auto Parts, Inc v. Great Lakes Water Authority, et al.*; WCCC Case No. 24-009092-CZ. The City of Detroit, Detroit Water and Sewerage Department, and Detroit Board of Water Commissioners were named as defendants in this lawsuit relating to the June 25-26, 2021, July 16, 2021, and alleged July 23, 2021 rainstorms that resulted in flooding and backup into plaintiff's property. The action is stayed by agreement of the parties pending the outcome of the appeals in the related cases.

*Deonte Young v. City of Detroit*; WCCC Case No. 24-011119-NZ. The City of Detroit was named as a defendant in this lawsuit relating to the August 23-24, 2023 rainstorm that resulted in flooding or backup into plaintiff's property. The case was dismissed without prejudice for the parties to resolve the lawsuit, which was successful. The parties are currently working to finalize the resolution.

## CYBERSECURITY

Like most large utilities, GLWA is faced with a variety of cybersecurity challenges daily. These challenges may range from user error to individual hackers to state sponsored cyber-attacks. In the face of these challenges GLWA's IT Security Team works proactively to maintain a safe and reliable computer environment to support the utility's business and operations. GLWA's cybersecurity framework is based upon five guiding principles identified by National Institute of Standards and Technology ("NIST") cybersecurity framework as described below.

*Identify* - To identify potential threats, GLWA's IT Security Team works closely in coordination with GLWA's Security and Integrity Group. In 2019, GLWA conducted a detailed cyber threat audit with support from a third-party vendor and adjusted its cybersecurity protocols based upon those results. In 2023, GLWA performed a third-party penetration test and has mitigated or remediated threats based on these findings. In 2024 GLWA's Security and Integrity Group facilitated a cybersecurity tabletop exercise in which team members from multiple IT teams responded to escalating and multiple cyber-related scenarios while the GLWA Executive Leadership team observed and participated as required. In 2025, one of GLWA's security partners completed a public cloud security assessment and had no critical findings.

*Protect* - GLWA maintains multiple networks and utilizes multiple strategies to protect them. GLWA has partnered with third-party vendors to utilize multifactor authentication for web-based programs and to scan e-mail and attachments to protect against threats. GLWA has also implemented multifactor authentication for Microsoft Office 365 applications and implemented enterprise cloud backup solution to ensure all data is immutable. Cybersecurity incidents are often caused by user error, and GLWA has focused on training. Each month, GLWA employees receive on-line security training through its vendor, KnowBe4. GLWA tracks its cybersecurity training results as a key performance indicator.

*Detect* - GLWA utilizes multiple solutions for real-time network transparency and client endpoint detection and response monitoring to quickly detect anomalies and events surrounding its networks. In 2024, GLWA's IT Security Team implemented a new Network Detection Response tool which can detect known threats in its network and also can detect, report, and respond to changes in network behavior or activity.

*Respond* - GLWA has developed detailed emergency action plans for threat response and mitigation. To optimize its threat response, GLWA conducts multiple emergency response exercises each year, with multiple equipment in multiple locations designed to test and improve the efficiency of its emergency preparedness and response to cyber threats. Additionally, GLWA has contracts in place to provide near real time isolation, response, and mitigation if needed.

*Recover* - GLWA has developed recovery and continuity of operation plans to respond to a cyberattack. GLWA maintains cyber liability insurance coverage which is reviewed annually to ensure that the levels of protection are appropriate for the utility's needs.

Beyond what is identified in the NIST principles, GLWA's cybersecurity efforts engage participation and partnership. GLWA participates in multiple peer-to-peer activities to identify and support best practices. Specifically, GLWA is briefed on new threats and response techniques with the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency, Michigan Cyber Command Center and other similar agencies. Lastly, the IT Security Team proactively engaged in cyber training and attends numerous cyber conferences and webinars to stay up to date with the ever-changing threat landscape.

In a proactive move to strengthen operational resilience and risk governance, GLWA has been awarded funding under the 2024 State and Local Cybersecurity Grant Program to conduct a comprehensive, third-party security assessment. The engagement will be mapped to the Center for Internet Security (CIS) Critical Security Controls v8 ("CIS v8"), complementing GLWA's ongoing adoption of the NIST Cybersecurity Framework.

Unlike basic or single scope reviews, GLWA's initiative will evaluate control maturity and risk mitigation across all three CIS Implementation Groups to ensure a holistic view of the Authority's enterprise security posture:

- Implementation Group 1: Establishes "essential cyber hygiene" to defend against common, non targeted attacks.
- Implementation Group 2: Addresses increased operational complexity and safeguards sensitive data across multiple departments with varying risk profiles.
- Implementation Group 3: Applies advanced protections designed to thwart sophisticated, targeted intrusions; standards aligned with critical infrastructure environments.

The third-party assessment will achieve the following aims:

- Benchmark GLWA's control implementation against CIS v8
- Identify prioritized gaps and remediation opportunities; and
- Deliver a practical roadmap aligned with critical infrastructure best practices and regulatory expectations.

Recommendations will be integrated with GLWA's NIST based Identify/Protect/Detect/Respond/Recover activities to reinforce defense and improve transparency for leadership, the Audit Committee, and external stakeholders.

While GLWA continues to advance its cybersecurity measures, no assurances can be given that such measures will be successful in guarding against all cyber-attacks. The results of any successful attack on GLWA's information technology could impact operations and damage networks and systems, and the costs of remedying any such attack could be substantial.

## TAX MATTERS

### State Tax Matters

In the opinion of Dickinson Wright PLLC, Bond Counsel to the Authority, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Series 2026 Bonds, the Series 2026 Bonds and the interest thereon are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition of the Series 2026 Bonds.

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## Federal Tax Matters

*General*

In the opinion of Dickinson Wright PLLC, Bond Counsel to the Authority, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Series 2026 Bonds, the interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2026 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Series 2026 Bonds held by an "applicable corporation" (as defined in Section 59(k) of the Code) is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on an applicable corporation that are subject to the corporate alternative minimum tax under Section 55 of the Code.

The opinion set forth in the first sentence of the paragraph above is subject to the condition that the Authority comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Series 2026 Bonds to be included in gross income retroactive to the date of issuance of the Series 2026 Bonds. The Authority has covenanted to comply with all such requirements to the extent permitted by law. Bond Counsel to the Authority will express no opinion regarding other federal tax consequences arising with respect to the Series 2026 Bonds and the interest thereon.

Prospective purchasers of the Series 2026 Bonds should be aware that (i) interest on the Series 2026 Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) the Inflation Reduction Act of 2022 imposes a corporate alternative minimum tax equal to 15% of the "adjusted financial statement income" of any corporation (other than an S corporation, a regulated investment company and a real estate investment trust) having average "adjusted financial statement income" exceeding $1,000,000,000 over such corporation's three preceding taxable years, and interest on the Series 2026 Bonds is included in the calculation of corporation's "adjusted financial statement income," (iii) interest on the Series 2026 Bonds may be subject to a tax on excess net passive income of certain S corporations imposed by Section 1375 of the Code, (iv) interest on the Series 2026 Bonds is included in the calculation of modified adjusted gross income for purposes of determining taxability of social security or railroad retirement benefits, (v) the receipt of interest on the Series 2026 Bonds by life insurance companies may affect the federal tax liability of such companies, (vi) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Series 2026 Bonds, (vii) registered owners acquiring the Series 2026 Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income, (viii) the receipt or accrual of interest on the Series 2026 Bonds may cause disallowance of the earned income credit under Section 32 of the Code, (ix) interest on the Series 2026 Bonds is subject to backup withholding under Section 3406 of the Code in the case of registered owners that have not reported a taxpayer identification number and are not otherwise exempt from backup withholding, and (x) registered owners of the Series 2026 Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Series 2026 Bonds, and financial institutions may not deduct that portion of their interest expense allocated to interest on the Series 2026 Bonds.

*Tax Treatment of Accruals on Original Issue Discount Bonds*

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Series 2026 Bonds initially sold at a discount as shown on the inside cover page hereof (the "OID Bonds") is sold and the amount payable at the stated redemption price at maturity thereof constitutes "original issue discount." Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

*Amortizable Bond Premium*

For federal income tax purposes, the difference between an original registered owner's cost basis of the Series 2026 Bonds initially sold at a premium as shown on the inside cover page hereof (the "Original Premium Bonds") and the amounts payable on the Original Premium Bonds other than stated interest constitutes an amortizable bond premium. The same applies with respect to any Series 2026 Bond, if a registered owner's cost basis exceeds the amounts payable thereon other than stated interest (collectively with the Original Premium Bonds held by the original registered owners, "Premium Bonds"). Such amortizable bond premium is not deductible from gross income, but is treated for federal income tax purposes as an offset of the amount of stated interest paid on the Premium Bonds, which may affect liability for the branch profits tax imposed by Section 884 of the Code. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the registered owner's yield to maturity determined by using the registered owner's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the registered owner's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

*Information Reporting and Backup Withholding*

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2026 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a valid IRS Form W-9, together with appropriate attachments, reporting and certifying under penalties perjury the recipient's correct taxpayer identification number ("TIN") and further certifying that the recipient is not subject to backup withholding on a valid IRS Form W-9 or suitable substitute, or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Series 2026 Bonds through a brokerage account has executed a valid IRS Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2026 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

**Future Developments**

Bond Counsel's engagement with respect to the Series 2026 Bonds ends with the issuance of the Series 2026 Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Authority in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2026 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2026 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE SERIES 2026 BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL INCOME TAXATION OR THE INTEREST ON THE SERIES 2026 BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE SERIES 2026 BONDS, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY SUCH FUTURE LEGISLATION, OR ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING BUT NOT LIMITED TO, SELECTION OF THE SERIES 2026 BONDS FOR AUDIT EXAMINATION, OR THE AUDIT PROCESS OR RESULT OF ANY EXAMINATION OF THE SERIES 2026 BONDS OR OTHER BONDS THAT PRESENT SIMILAR TAX ISSUES, WILL NOT ADVERSELY AFFECT THE MARKET PRICE OF THE SERIES 2026 BONDS. BOND COUNSEL TO THE AUTHORITY EXPRESSES NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2026 BONDS AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE PREMIUM THEREOF, IF ANY.

The tax status of the Series 2026 Bonds could be affected by post-issuance events. Various requirements of the Code must be observed or satisfied after the issuance of the Series 2026 Bonds in order for such interest to remain excludable from gross income of the holders thereof. These requirements include restrictions on the use of the proceeds of the Series 2026 Bonds, use of the facilities financed by the Series 2026 Bonds, investment of proceeds of the Series 2026 Bonds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of GLWA. Failure to comply could result in the inclusion of interest on the Series 2026 Bonds in gross income retroactive to the date of issuance of the Series 2026 Bonds.

The IRS conducts an audit program to examine compliance with the requirements applicable to tax-exempt obligations. If the Series 2026 Bonds become the subject of an audit, under current IRS procedures, the Authority would be treated as a taxpayer in the initial stages of an audit, and the owners of the Series 2026 Bonds would have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2026 Bonds could adversely affect the market value and liquidity of the Series 2026 Bonds, even though no final determination about the tax-exempt status would have been made. If an audit were to result in a final determination that the Series 2026 Bonds do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2026 Bonds.

In addition to post-issuance compliance, a change in law after the date of issuance of the Series 2026 Bonds could affect the tax-exempt status of the Series 2026 Bonds or the economic benefit of investing in the Series 2026 Bonds. For example, Congress could eliminate the exemption for interest on the Series 2026 Bonds, or it could reduce or eliminate the federal income tax, or it could adopt a so-called "flat tax."

## CERTAIN LEGAL MATTERS

The legality of the authorization, sale and delivery of the Series 2026 Bonds is subject to the approval of Bond Counsel to the Authority, whose approving opinion, substantially in the form attached as Appendix XIII to this Official Statement, will be delivered upon the issuance of the Series 2026 Bonds. The fees to be received by the Bond Counsel to the Authority in connection with the issuance of the Series 2026 Bonds will be paid from the proceeds of the Series 2026 Bonds.

Certain legal matters will be passed upon for the Underwriters by their counsel, Kutak Rock LLP, Washington, D.C. Certain legal matters will be passed upon for DWSD by its counsel, Miller, Canfield, Paddock and Stone, P.L.C.

## RATINGS

Moody's Ratings ("Moody's"), S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch") have assigned (i) the Series 2026A Bonds and the Series 2026C Bonds senior lien ratings of "Aa3" (stable outlook), "AA-" (stable outlook) and "AA" (stable outlook), respectively, and (ii) the Series 2026B Bonds second lien ratings of "A1" (stable outlook), "A+" (stable outlook) and "AA-" (stable outlook), respectively. Such ratings reflect only the views of Moody's, S&P and Fitch and an explanation of the significance of such ratings may be obtained from Moody's, S&P and Fitch. The Authority has furnished to Moody's, S&P and Fitch certain information and materials with respect to the Series 2026 Bonds. There is no assurance that the ratings which have been assigned to the Series 2026 Bonds will continue for any given period of time or that either of them will not be revised or withdrawn entirely by Moody's, S&P or Fitch, if in the judgment of Moody's, S&P or Fitch circumstances so warrant. A downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2026 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

## UNDERWRITING

The Series 2026 Bonds are being purchased on a negotiated basis for reoffering by the underwriters set forth on the cover of this Official Statement (collectively, the "Underwriters"), for whom Siebert Williams and Shank & Co., LLC is acting as representative. The Underwriters have agreed, subject to the terms of a bond purchase agreement (the "Bond Purchase Agreement") with the Authority dated May 19, 2026, to purchase the Series 2026 Bonds from the Authority. The Bond Purchase Agreement provides, in part, that the Underwriters, subject to certain conditions, will purchase from the Authority (i) the Series 2026A Bonds at the purchase price of $33,540,097.70 (the aggregate principal amount, less an Underwriter's discount of $90,942.20 plus original issue premium of $3,476,039.90), (ii) the Series 2026B Bonds at the purchase price of $199,357,982.75 (the aggregate principal amount, less an Underwriter's discount of $541,536.60 plus original issue premium of $20,334,519.35), and (iii) the Series 2026C Bonds at the purchase price of $31,864,945.95 (the aggregate principal amount, less an Underwriter's discount of $90,535.05 plus original issue premium of $1,935,481.00). The Underwriters are obligated to purchase all of the Series 2026 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Series 2026 Bonds may be changed from time to time by the Underwriters. The Series 2026 Bonds may be offered and sold by the Underwriters to certain dealers (including dealers depositing the Series 2026 Bonds in unit investment trusts, some of which may be managed by the Underwriters) and certain dealer banks and banks acting as agents at prices lower than the public offering prices set forth in this Official Statement.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have from time to time and may in the future perform various investment banking services for the Authority for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell, make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans, commodities, currencies, credit default swaps) for their own accounts and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Such investment and securities may involve securities and instruments of the Authority.

BofA Securities, Inc., an underwriter of the Series 2026 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2026 Bonds.

Huntington Capital Markets is a trade name under which securities and investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, including Huntington Securities, Inc. ("HSI"), are marketed. Municipal sales, trading and underwriting services are provided through HSI, which is a broker-dealer registered with the Securities and Exchange Commission.

Huntington Capital Markets, one of the underwriters of the Series 2026 Bonds, has entered into a distribution and fee-sharing agreement with its affiliate The Huntington Investment Company ("HIC") to allow for the distribution of certain municipal securities offerings to HIC's customers. Pursuant to this agreement, if any of the Bonds are allocated to customers of HIC, Huntington Capital Markets will share a portion of the underwriting compensation attributable to such bonds with HIC. Huntington Capital Markets and HIC are both subsidiaries of Huntington Bancshares Incorporated.

In addition, Huntington Capital Markets has entered into a distribution and fee-sharing agreement with Janney Montgomery Scott LLC ("JMS") to allow for the distribution of certain municipal securities offerings to JMS' customers. Pursuant to this agreement, if any of the Bonds are allocated to customers of JMS, Huntington Capital Markets will share a portion of the underwriting compensation attributable to such bonds with JMS.

Morgan Stanley & Co. LLC, an Underwriter of the Series 2026 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2026 Bonds.

## FINANCIAL ADVISOR

PFM Financial Advisors LLC is acting as Financial Advisor (the "Financial Advisor") to the Authority in connection with the issuance of the Series 2026 Bonds. PFM Financial Advisors LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2026 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The Financial Advisor is a "*municipal advisor*" as defined in Rule 15Ba1-1-(d)(3)(vi) of the Securities and Exchange Commission.

The Financial Advisor has provided the following for inclusion in this Official Statement: The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

## CONTINUING DISCLOSURE UNDERTAKING

The Authority will covenant for the benefit of the Holders and the Beneficial Owners of the Series 2026 Bonds (as such terms are defined in the Continuing Disclosure Undertaking which the Authority expects to execute on or before the date of delivery of the Series 2026 Bonds (the "Continuing Disclosure Undertaking"), to disclose financial information and operating data, by not later than 270 days following the end of the applicable fiscal year, commencing with the report for fiscal years ending on or after June 30, 2026 (the "Annual Financial Information") and to provide notices of the occurrence of certain listed events. The Continuing Disclosure Undertaking requires that the Annual Financial Information and notices of listed events be filed with the Municipal Securities Rulemaking Board ("MSRB") by electronic transmission through the Electronic Municipal Market Access ("EMMA") Dataport of the MSRB. The specific nature of the information to be contained in the Annual Financial Information and the notices of listed events are set forth in APPENDIX XII - FORM OF CONTINUING DISCLOSURE UNDERTAKING. These covenants have been made in order to assist the Underwriters named on the cover page of this Official Statement to comply with paragraph (b)(5) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission.

Except as described in the Continuing Disclosure Undertaking the provisions of the Continuing Disclosure Undertaking will create no rights in any other person or entity. The obligation of the Authority to comply with the provisions of the Continuing Disclosure Undertaking is enforceable by any Beneficial Owner of outstanding Series 2026 Bonds as described in the Continuing Disclosure Undertaking. The right to enforce the provisions of the Continuing Disclosure Undertaking is limited to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under the Continuing Disclosure Undertaking. Any failure by the Authority to perform in accordance with the Continuing Disclosure Undertaking will not constitute a default or an Event of Default under the Bond Ordinance, and the rights and remedies provided by the Bond Ordinance upon the occurrence of a default or an Event of Default will not apply to any such failure.

A failure by the Authority to comply with the Continuing Disclosure Undertaking must be reported by the Authority in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2026 Bonds in the secondary market. Consequently, such failure may adversely affect the marketability and liquidity of the Series 2026 Bonds and the market price thereof.

The Authority failed to file notices of listed events regarding the incurrence of financial obligations in connection with the issuance of certain SRF Junior Lien Bonds in 2021-2022 and 2025 on a timely basis as required by its continuing disclosure undertakings. The Authority has since made the required material event filings on the EMMA System and has put in place procedures to ensure that future event filings are made on a timely basis. The Authority has entered into a contract with Digital Assurance Certification, L.L.C. ("DAC") to provide continuing disclosure dissemination agent services for all of its outstanding bond issues.

In order to provide continuing disclosure with respect to the Series 2026 Bonds in accordance with the Rule, the Authority has entered into a Disclosure Dissemination Agent Agreement ("Disclosure Dissemination Agreement") with DAC, under which the Authority has designated DAC as Disclosure Dissemination Agent.

The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the Authority has provided such information to the Disclosure Dissemination Agent as required by the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Financial Information, Audited Financial Statements, notice of the occurrence of reportable events or voluntary disclosures, or any other information, disclosures or notices provided to it by the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Bondholders or any other party. The Disclosure Dissemination Agent has no responsibility for the Authority's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Authority has complied with the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Authority at all times.

## OTHER MATTERS

The summaries and explanations herein of provisions of the Bond Ordinance, the Lease, the Water and Sewer Services Agreement, the Shared Services Agreement, the 2018 MOU, Act 94, Act 233 other public acts of Michigan, and other materials are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such instruments, documents and other materials for full and complete statements of the provisions thereof.

The information contained in this Official Statement has been compiled or prepared from sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The attached Appendices are an integral part of this Official Statement and must be read in their entirety together with all of the foregoing information.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

**GREAT LAKES WATER AUTHORITY**

By: /s/ Suzanne Coffey
Chief Executive Officer

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## SCHEDULE I

## REFUNDED BONDS

| Series | Lien | Maturity (July 1) | Coupon | Par | CUSIP* (39081H) |
|---|---|---|---|---|---|
| 2016B | Senior | 2027 | 5.00% | $405,000 | AD4 |
| 2016B | Senior | 2030 | 5.00 | 3,965,000 | AE2 |
| 2016B | Senior | 2031 | 5.00 | 2,830,000 | AF9 |
| 2016B | Senior | 2033 | 5.00 | 1,760,000 | AH5 |
| 2016B | Senior | 2034 | 5.00 | 24,430,000 | AJ1 |
| **Series Total** | | | | **$33,390,000** | |
| 2016C | Second | 2027 | 5.00% | $380,000 | AK8 |
| 2016C | Second | 2030 | 5.00 | 32,275,000 | AL6 |
| 2016C | Second | 2031 | 5.00 | 2,665,000 | AM4 |
| 2016C | Second | 2032 | 5.00 | 355,000 | AN2 |
| 2016C | Second | 2033 | 4.00 | 4,750,000 | AP7 |
| 2016C | Second | 2034 | 4.00 | 19,245,000 | AQ5 |
| 2016C | Second | 2035 | 5.00 | 12,000,000 | AR3 |
| 2016C | Second | 2036 | 5.00 | 126,890,000 | AS1 |
| **Series Total** | | | | **$198,560,000** | |
| **System Total** | | | | **$231,950,000** | |

* Registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP service. CUSIP numbers are provided for reference only. Neither the Authority, the Trustee nor the Underwriters take any responsibility for the accuracy of such numbers.

**APPENDIX I**

**THE GREAT LAKES WATER AUTHORITY**

**HISTORICAL DATA**

**FISCAL YEAR ENDING JUNE 30, 2025**

**(SEWAGE DISPOSAL SYSTEM)**

**Published March 26, 2026**

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Appendix I provides summary tables of historical data related to the Regional System, most of which has been reported in previously issued Annual Comprehensive Financial Report for Great Lakes Water Authority. In addition to the tables with Regional System data, Table I-3 "Combined Regional and Local Systems Historical Sources of Revenue, Uses of Revenue Requirements and Debt Service Coverage" is a summary of the activity in the Trust Estate which includes receipts from both the Regional System and the Local System consistent with the Master Bond Ordinance flow of funds and includes the retail customer receipts from the Detroit Local Water System as those funds are also pledged for payment of the outstanding bonded indebtedness of the Authority.

## HISTORICAL FINANCIAL OPERATIONS

### Combined Regional and Local Systems

**Combined Regional and Local Systems Historical Sources of Revenue, Uses of Revenue Requirements and Debt Service Coverage**

The following table summarizes the historical financial results for the Sewage Disposal System for Fiscal Years 2021 through 2025. This schedule depicts results based on a cash receipts and disbursements basis consistent with the Master Bond Ordinance flow of funds within the Trust Estate. The Authority accounts for actual cash receipts into the Trust Estate, and disbursements to the various funds maintained both within and outside the Trust Estate. This table includes the calculations of debt service coverage by lien.

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**TABLE I-1 Combined Regional and Local Systems Historical Sources of Revenue, Uses of Revenue Requirements and Debt Service Coverage**

| | | Fiscal Year | | | | |
|---|---|---|---|---|---|---|
| | | 2025 | 2024 | 2023 | 2022 | 2021 |
| | **Revenues** | | | | | |
| | GLWA Regional System Receipts | | | | | |
| 1 | Wholesale Charges | $286,313,028 | $292,811,429 | $297,751,807 | $281,636,430 | $288,132,728 |
| 2 | Charges to Local System [a] | 205,924,800 | 196,569,600 | 191,042,200 | 188,662,200 | 187,959,700 |
| 3 | Total GLWA Revenue from Charges | 492,237,828 | 489,381,029 | 488,794,007 | 470,298,630 | 476,092,428 |
| 4 | Earnings on Investments | 16,107,144 | 17,350,547 | 10,094,409 | 1,680,667 | 2,739,425 |
| 5 | Total GLWA Receipts | 508,344,972 | 506,731,576 | 498,888,416 | 471,979,297 | 478,831,853 |
| 6 | DWSD Local System Receipts [b] | 92,137,454 | 97,911,598 | 101,900,942 | 101,030,510 | 118,699,151 |
| 7 | **Total Revenues** | $600,482,426 | $604,643,174 | $600,789,358 | $573,009,807 | $597,531,004 |
| | **Revenue Requirements** | | | | | |
| | Operations and Maintenance Transfers | | | | | |
| 8 | GLWA Regional System Operations [c] | 235,191,600 | 224,873,500 | 204,122,500 | 191,908,600 | 165,588,970 |
| 9 | DWSD Local System Operations | 57,356,900 | 55,705,700 | 51,396,400 | 61,301,000 | 69,915,700 |
| 10 | Legacy Pension Regional System [d] | - | - | 10,824,000 | 10,824,000 | 10,824,000 |
| 11 | Legacy Pension DWSD Local System [d] | - | - | 2,856,000 | 2,856,000 | 2,856,000 |
| 12 | Total Operations and Maintenance | 292,548,500 | 280,579,200 | 269,198,900 | 266,889,600 | 249,184,670 |
| | Debt Service [e] | | | | | |
| 13 | Senior Lien Bonds | 151,533,904 | 157,403,423 | 152,866,129 | 130,404,294 | 119,217,128 |
| 14 | Second Lien Bonds | 53,311,091 | 53,227,095 | 39,847,153 | 51,893,038 | 57,778,951 |
| 15 | SRF Junior Lien Bonds | 44,587,324 | 50,498,804 | 50,145,516 | 53,550,614 | 53,166,797 |
| 16 | Total Debt Service | 249,432,319 | 261,129,322 | 242,858,798 | 235,847,946 | 230,162,876 |
| 17 | General Retirement System Pension | 4,701,200 | 3,914,500 | 14,687,400 | 14,687,400 | 14,687,500 |
| | Water Residential Assistance | | | | | |
| 18 | Program Contribution | 3,903,701 | 3,836,404 | 3,673,800 | 3,868,700 | 3,764,300 |
| 19 | Extraordinary Repair & Replacement Deposit | 345,000 | - | - | - | - |
| 20 | Lease Payment | 27,500,000 | 27,500,004 | 23,111,700 | 21,970,703 | 24,242,800 |
| 21 | Available for Revenue Financed Capital | 22,051,706 | 27,683,744 | 47,258,760 | 29,745,458 | 75,488,858 |
| 22 | **Total Revenue Requirements** | $600,482,426 | $604,643,174 | $600,789,358 | $573,009,807 | $597,531,004 |
| 23 | **Pledged Revenue** (Line 7 - Line 12) | $307,933,926 | $324,063,974 | $331,590,458 | $306,120,207 | $348,346,334 |
| | **Debt Service Coverage - Rate Covenant Basis** | | | | | |
| 24 | Senior Lien Bonds | 2.03 | 2.06 | 2.17 | 2.35 | 2.92 |
| 25 | Senior and Second Lien Bonds | 1.50 | 1.54 | 1.72 | 1.68 | 1.97 |
| 26 | All Bonds, including SRF Junior Lien | 1.23 | 1.24 | 1.37 | 1.30 | 1.51 |

[a] Charges to the Local System are for Sewer Services provided by GLWA to DWSD under Section 3.1 of the Water and Sewer Services Agreement.

[b] DWSD Local Systems Receipts is net of the GLWA charges to the Local System on Line 2 which are paid from the local system receipts.

[c] For years prior to FY 2022 a different methodology was used. In those prior years a calculation was performed to determine the cash basis disbursements from the operations fund.

[d] The legacy pension obligations reflect only the Legacy Pension Obligation as defined in Section 504 (c) of the Master Bond Ordinance.

[e] Calculated on a debt service set aside basis consistent with the rate covenant basis for rate determination purposes.

The following information presents a high-level summary of the financial operations of the Sewage Disposal System for Fiscal Years 2021 through 2025 as presented in the table above.

*Receipts*

Sewage Disposal System receipts from wholesale service charges have been steady, reflecting stability in service charges. All wholesale service charge revenues are related to fixed charges and are not impacted by any changes in water sales or contributed wastewater volumes. Reported receipts from wholesale service charges and other income on Line 1 were approximately $6.5 million less, or 2.2% in 2025 than 2024. Annual variations of actual receipts are limited to minor variations in timing of payments spanning fiscal years, as well as variations in other miscellaneous income, and actual collection performance of specific accounts. Wholesale charge receipts represent approximately 48 percent of the receipts into the trust (Line 1/Line 7).

The GLWA Regional System charges to the Local System represented approximately 34 percent of the total Trust revenues (Line 2/Line 7) in 2025. DWSD retail receipts used for the operations of the Local System represented 15 percent of the trust receipts (Line 6/Line 7) in 2025.

Investment earnings on Line 4 were approximately $1.2 million less in 2025 than in 2024, reflecting the lower interest rate environment in 2025. The investment earnings in this table exclude earnings on restricted Construction Bond Funds.

Total receipts on Line 7 were approximately $4.2 million or 0.7% less in 2025 than in 2024.

*Operation and Maintenance Expenses*

Operating expenses reflect the actual cash transfers outside of the Trust Estate to the Regional System O&M Account on Line 8, the Local System O&M on Line 9, and the Pension Obligation O&M on Lines 10 and 11, irrespective of actual expenses from those accounts and irrespective of operating and maintenance expenses reported on an accrual basis. These budgeted transfers are made in equal monthly amounts throughout the year, subject to periodic budget modifications and adjustments. These amounts will differ from the accrual-based operating expenses reported on the audited financial statements, although the differences are generally not material and usually reflect the impact of yearend accruals.

Operation and maintenance expenses also include the monthly contributions to the Pension Obligation subaccounts on Lines 10 and 11 of the Operation and Maintenance Fund. These amounts reflect the portion of the pension obligation that were deemed to be a proxy for normal cost under the MBO flow of funds for the ten years which ended in FY 2023. The remaining portion was treated as an advanced payment of a liability and therefore treated as subordinate to bonded debt under the MBO flow of funds (See Line 17).

*Debt Service Requirements*

Total debt service requirements on Lines 13 through 16 for 2025 were approximately $19.3 million (8.4%) higher than in 2021. This increase reflects debt service from 2022, 2023 and 2025 new money transactions, offset by savings generated by refinancing transactions.

*Other Master Bond Ordinance Requirements*

Lines 17 through 20 are the revenue requirements identified in the Master Bond Ordinance related to transfers to other funds within the Trust Estate that are subordinate to debt service. These include the non-operating portion of the General Retirement System Pension, deposits to the WRAP Fund and the ER&R Fund, and the annual Lease Payment. The Lease Payment amounts in these tables reflect the amounts transferred to the Local System Improvement and Extension Account. For FY 2024 and FY 2025, DWSD allocated the entire Lease Payment to pay the costs of improvements to the local facilities, therefore it was deposited to the Local System Improvement & Extension Account. For Fiscal Years 2021 through 2023 DWSD opted to utilize a portion of the annual $27.5 million Lease Payment to fund its allocated share of debt service, rather than transfer the entire amount to the Local System Improvement and Extension Account.

The "Available for revenue financed capital" on Line 21 are amounts available to transfer to the Improvement and Extension Accounts or to be maintained in the Regional System Receiving Account or Operation and Maintenance Account as working capital.

*Pledged Revenue*

Pledged Revenue for Debt Service on Line 23 for 2025 was approximately $16.1 million (5.0%) lower than 2024, due largely to the increased operations and maintenance expenses.

*Debt Service Coverage*

The debt service coverage by lien is shown on Lines 24 through 26. Over this five year period pledged revenue has declined $40.4 million and debt service requirements have increased by $19.2 million. Total debt service coverage ratios have declined, although the senior lien coverage ratio for 2025 is still 2.03x. As can be seen by the following table, the increasing debt service is being driven by increased principal payments.

**TABLE I-2 Debt Service Summary by Principal and Interest**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Principal | $ 130,521,795 | $139,979,836 | $124,498,667 | $127,380,888 | $117,276,250 |
| Interest | 118,910,524 | 121,149,486 | 118,360,131 | 108,467,058 | 112,886,626 |
| Total | $ 249,432,319 | $261,129,322 | $242,858,798 | $235,847,946 | $230,162,876 |

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## Regional System

### Regional System Liquidity

The following table provides the calculation of the days cash on hand for Fiscal Year 2021 through Fiscal Year 2025. The balance of unrestricted cash and investments is divided by one day of operation and maintenance expenses to determine the days cash available.

An objective of the Authority's financial strategy was to scale back the use of bond proceeds to fund capital improvements by funding capital improvements with a) cash designated for that purpose carried forward from prior years as well as by maximizing the use of low interest state revolving fund loans. From January 2021 through the issuance of revenue bonds in September of 2022, as planned, the capital program was funded solely by Improvement & Extension funds and state revolving fund loans. The reduction in days cash on hand during this period (as shown below) was by design and has allowed the Authority to avoid the cost of added interest expense at a time when the offsetting investment income market for those cash and investments assets was low.

**TABLE I-3 Regional System Liquidity**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Cash and Investments - Unrestricted** | $349,075,884 | $342,252,746 | $302,269,621 | $294,173,630 | $323,972,718 |
| Operating Expense | | | | | |
| Operating Expense | $377,358,877 | $374,287,436 | $375,566,668 | $345,372,010 | $328,983,415 |
| Less: Depreciation | (147,559,403) | (154,486,270) | (163,470,838) | (158,013,629) | (150,772,065) |
| Less: Amortization of Intangible Assets | (1,823,544) | (854,812) | (439,704) | (439,704) | (109,926) |
| Operating Expense before Depreciation and amortization | $227,975,930 | $218,946,354 | $211,656,126 | $186,918,677 | $178,101,424 |
| **Operating Expense per Day** | $ 624,592 | $ 599,853 | $ 579,880 | $ 512,106 | $ 487,949 |
| **Days Cash** | | | | | |
| Number of Days Cash | 559 | 571 | 521 | 574 | 664 |

Source: GLWA FY 2025 ACFR Supplementary Information

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### Regional System Historical Revenue Requirement Growth

The following table shows the historical changes in the budgeted Authority Revenue Requirement for the Regional Sewer System as well as the charge adjustments.

**TABLE I-4 Board Adopted Regional Sewer System Revenue Requirement and Approved Charges**

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | **2027** | **2026** | **2025** | **2024** | **2023** | **2022** |
| **Sewage Disposal Fund** | | | | | | |
| Budgeted revenue requirement [1] | $ 563,182,200 | $ 544,962,000 | $ 520,652,100 | $ 500,627,000 | $ 481,372,100 | $ 475,429,200 |
| Percent change in budgeted revenue requirement | 3.3% | 4.7% | 4.0% | 4.0% | 1.3% | -2.3% |
| Average annual charge adjustment [2] | | | | | | |
| Total regional system | 4.3% | 4.5% | 3.0% | 2.8% | 2.4% | -0.6% |
| Suburban wholesale | 4.0% | 4.5% | 1.7% | 2.6% | 3.2% | -0.1% |
| Charge to Local System [3] | 4.5% | 4.4% | 4.6% | 2.8% | 1.2% | -0.7% |
| Number of wholesale sewer customers | 18 | 18 | 18 | 18 | 18 | 18 |

[1] This line is the revenue requirement from the original adopted budget for the fiscal year which is used in the calculation of charges. The revenue requirement represents the funding requirements which are defined in the Master Bond Ordinance.

[2] Average annual charge adjustment percentages is the charge adjustment required when calculating revenue using the prior year existing charges, future usage projections and any other specific individual contract requirements.

[3] Represents the annual change in GLWA's charge to the local system for the Detroit customer class before the annual credit of $5.5 million for sewer. Does not include any lookback charges in the percentage increase/decrease calculation. Does not include any Detroit local system operating costs or charges included in the overall Detroit retail rate. Also does not include any impact of Detroit's use of the regional system lease payment to finance allocated debt service obligations.

Source: GLWA FY 2025 ACFR Schedule 3 and FY 2027 Budget and Charges

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## REGIONAL SYSTEM INFORMATION

### Regional System Ten Largest Wholesale Customers

The following table provides the ten largest wholesale member partners based on charges revenues for the last five years.

**TABLE I-5 Regional System Ten Largest Wholesale Customers**

| | | Fiscal Year | | | | |
|---|---|---|---|---|---|---|
| | | **2025** | **2024** | **2023** | **2022** | **2021** |
| | **Operating Revenues** | | | | | |
| 1 | Wholesale charges [a] | $287,690,760 | $282,767,090 | $275,917,502 | $268,813,369 | $267,567,816 |
| 2 | Charges to Local System [b] | 205,924,800 | 196,569,600 | 191,042,200 | 188,662,200 | 187,959,700 |
| 3 | Industrial waste and surcharges | 13,433,401 | 12,706,014 | 13,287,670 | 13,482,094 | 14,724,903 |
| 4 | Bad debt recovery | - | (15,556,900) | - | - | - |
| 5 | Other revenue | 564,619 | 494,425 | 1,660,020 | 429,491 | 501,121 |
| 6 | Total Operating Revenues | $507,613,580 | $476,980,229 | $481,907,392 | $471,387,154 | $470,753,540 |
| 7 | Wholesale charges % of total operating revenue (Line 1 / Line 6) | 56.68% | 59.28% | 57.26% | 57.03% | 56.84% |
| 8 | Charges to Local system % of total operating revenue (Line 2 / Line 6) | 40.57% | 41.21% | 39.64% | 40.02% | 39.93% |
| | **Ten Largest Wholesale Member Partners** | | | | | |
| 9 | Oakland-Macomb Interceptor Drainage District | $ 75,132,031 | $ 69,631,257 | $ 71,614,874 | $ 70,683,993 | $ 70,355,029 |
| 10 | Wayne County - Rouge Valley | 57,848,400 | 54,168,200 | 55,930,800 | 55,267,200 | 54,536,400 |
| 11 | Oakland County - George W Kuhn Drainage District | 48,309,600 | 44,764,100 | 46,377,600 | 45,828,000 | 45,558,000 |
| 12 | Evergreen Farmington | 37,912,800 | 35,207,600 | 36,195,600 | 35,766,000 | 35,084,400 |
| 13 | Southeast Macomb Sanitary District | 26,100,000 | 24,215,100 | 25,070,400 | 24,772,800 | 25,000,800 |
| 14 | Dearborn | 21,496,800 | 19,625,600 | 20,299,200 | 20,058,000 | 19,628,400 |
| 15 | Highland Park | 4,850,400 | 5,382,785 | 5,420,400 | 5,356,800 | 5,708,400 |
| 16 | Hamtramck | 4,497,600 | 3,878,900 | 4,041,600 | 3,993,600 | 4,019,400 |
| 17 | Grosse Pointe Farms | 2,790,000 | 2,659,700 | 2,748,000 | 2,715,600 | 2,769,000 |
| 18 | Grosse Pointe Park | 1,990,800 | 1,849,800 | 1,904,400 | 1,882,800 | 1,824,000 |
| 19 | Total Revenue Ten Largest Wholesale Member Partners | $280,928,431 | $261,383,042 | $269,602,874 | $266,324,793 | $264,483,829 |
| 20 | Ten largest wholesale member partners % of total operating revenues (Line 19/Line 6) | 55.34% | 54.80% | 55.94% | 56.50% | 56.18% |

[a] Net of bad debt expense

[b] Charges to the Local System are for Sewer Services provided by GLWA to DWSD under Section 3.1 of the Water and Sewer Services Agreement.

Source: GLWA FY 2025 ACFR Schedule 4b

**Regional System Historical Wastewater Volumes**

The following table provides a summary of wastewater volumes for the last five years.

**TABLE I-6 Regional System Historical Wastewater Volumes**
(Mgd)

| | | | Master Metered | | Unmetered [2] | |
|---|---|---|---|---|---|---|
| Fiscal Year | | Wastewater Influent [1] | Sanitary Volume | Non-Sanitary Volume | Sanitary Volume | Non-Sanitary Volume |
| 2025 | * | 551.440 | 131.205 | 132.435 | 62.162 | 225.639 |
| 2024 | | 578.105 | 129.163 | 140.725 | 62.644 | 245.573 |
| 2023 | | 533.677 | 128.925 | 112.269 | 62.920 | 229.563 |
| 2022 | | 737.980 | 132.968 | 187.440 | 61.591 | 355.981 |
| 2021 | | 564.497 | 132.664 | 111.157 | 57.913 | 262.762 |

Wastewater volumes are monitored by GLWA operations and engineering teams throughout the year then go through a formal review and approval process over a period of six to nine months following the end of the fiscal year. The formal, annual, data analytic review is led by an outside consultant. As part of this process preliminary data is shared with member partners to confirm. Current and historic data does change at times as system improvements are made and reporting refinements occur.

The GLWA Sewer Charge Methodology uses historical wastewater volumes to allocate annual revenue requirements to the member partners based on historical wastewater volumes, and recovers the allocated revenue requirements via fixed monthly charges.

[1] Represents total influent volume to the System, including volumes treated and discharged at the Water Resource Recovery Facility and volumes discharged via Combined Sewer Overflow facilities.

[2] The GLWA Sewer Charge Methodology assigns a portion of the unmetered non-sanitary flow volume as a "system" responsibility allocable to all member partners. The remaining amount of unmetered non-sanitary flow and the unmetered sanitary flow is assigned to unmetered customers, which includes the Local System and certain wholesale customers.

* Data is preliminary

Source: GLWA FY 2025 ACFR Schedule 16

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## LOCAL SYSTEM INFORMATION

### Local Retail System Receivable Summary

All Retail Customers are billed monthly and are allowed 21 days to pay, after which a one-time 5% late payment charge is applied. Customers receive one bill which may include water, sewer and/or drainage services. As of June 30, 2025, DWSD reports 337,000 active accounts in their billing system. In their meter reading system, DWSD reports 258,000 accounts. The difference between billed and metered totals relates to accounts in transition from active to inactive, accounts identified by the City of Detroit Assessor's Office as vacant lots with limited activity, or accounts under the management of another agency such as the Detroit Land Bank. When comparing active billed accounts totals or active metered accounts totals over time, both remain consistent. Retail Customer account categories include residential, commercial, industrial, and government. Inactive accounts remain in the billing system while the Department pursues collection through various collection methods.

Source: DWSD

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# APPENDIX II

# THE GREAT LAKES WATER AUTHORITY

# PROJECTIONS

# (SEWER SYSTEM)

Table of Contents

The projections set forth in the following tables are intended as "forward-looking statements." 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 and DWSD's ability to execute their respective CIPs 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 Sewer System. See "THE MASTER PLAN AND THE CAPITAL IMPROVEMENT PLAN" in the Official Statement.

The projection reflects a combination of assumptions regarding the future budgeted revenue requirement and charge levels for both the Regional Sewer System and the Local Sewer System. The assumptions applied for the Local Sewer System have been developed in consultation with DWSD and align with the long-term forecast provided by DWSD. Other assumptions are described in the text following the tables.

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 that remains 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 CAPITAL IMPROVEMENT PLAN

### Regional System

### Regional Sewer System Capital Improvement Plan Summary

The following table provides a summary of planned activity in the Regional System CIP. The GLWA Board of Directors approved the FY 2027-2031 CIP on February 25, 2026.

**TABLE II-1 Regional Sewer System Capital Improvement Plan Summary**

| | | Current Year | 2027 | 2028 | 2029 | 2030 | 2031 | FY 2027-2031 |
|---|---|---|---|---|---|---|---|---|
| | Wastewater Resource Recovery Facility | | | | | | | |
| 1 | Primary Treatment | $ 63,784,000 | $ 52,340,000 | $ 65,845,000 | $ 65,533,000 | $ 54,513,000 | $ 47,448,000 | $ 285,679,000 |
| 2 | Secondary Treatment & Disinfection | 11,664,000 | 24,110,000 | 26,920,000 | 35,506,000 | 35,506,000 | 35,245,000 | 157,287,000 |
| 3 | Residuals Management | 4,125,000 | 4,511,000 | 12,697,000 | 9,058,000 | 5,069,000 | 12,566,000 | 43,901,000 |
| 4 | General Purpose | 23,786,000 | 42,369,000 | 41,177,000 | 22,357,000 | - | - | 105,903,000 |
| 5 | Total WRRF | 103,358,000 | 123,330,000 | 146,638,000 | 132,454,000 | 95,088,000 | 95,258,000 | 592,769,000 |
| | Collection System | | | | | | | |
| 6 | Interceptors | 45,628,000 | 26,453,000 | 13,967,000 | 3,594,000 | 163,000 | 2,213,000 | 46,390,000 |
| 7 | Pumping Stations | 43,928,000 | 73,692,000 | 79,149,000 | 61,200,000 | 50,734,000 | 41,608,000 | 306,383,000 |
| 8 | Total Collection System | 89,556,000 | 100,145,000 | 93,116,000 | 64,794,000 | 50,897,000 | 43,821,000 | 352,773,000 |
| 9 | CSO Facilities | 9,118,000 | 25,038,000 | 39,839,000 | 43,333,000 | 42,810,000 | 38,399,000 | 189,419,000 |
| 10 | Programs | 60,248,000 | 39,128,000 | 51,351,000 | 33,829,000 | 6,891,000 | 2,200,000 | 133,400,000 |
| 11 | **Total Wastewater Capital Improvement Plan** | $262,279,000 | $287,641,000 | $330,945,000 | $274,411,000 | $195,686,000 | $179,678,000 | $ 1,268,361,000 |

*May not foot due to rounding*

## Regional Sewer System Capital Improvement Plan Projected Funding Sources

The following table shows the projected CIP spend and funding sources for the Regional System CIP.

### TABLE II-2 Regional Sewer System Capital Improvement Plan Projected Funding Sources

| | | | Projected | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Adopted 2026 | 2026 | Adopted 2027 | Adopted 2028 | 2029 | 2030 | 2031 |
| | **Capital Improvement Program** | | | | | | | |
| 1 | Capital Improvement Program | $193,221,000 | $262,279,000 | $287,641,000 | $330,945,000 | $274,411,000 | $195,686,000 | $179,678,000 |
| 2 | Spend Rate Assumption | 90% | 90% | 88% | 84% | 85% | 94% | 100% |
| 3 | **Projected Capital Needs** | $ 173,898,900 | $ 236,051,100 | $ 253,124,080 | $ 277,993,800 | $ 233,249,350 | $ 183,944,840 | $ 179,678,000 |
| | **Funding Requirements** | | | | | | | |
| 4 | Capital Outlay | 11,779,500 | $ 11,779,500 | 15,431,100 | 15,322,600 | 13,268,000 | 13,372,300 | 12,941,300 |
| 5 | Capital Improvement Program (a) | 175,000,000 | 240,000,000 | 255,000,000 | 280,000,000 | 235,000,000 | 185,000,000 | 180,000,000 |
| 6 | **Total Funding Requirements** | $ 186,779,500 | $ 251,779,500 | $ 270,431,100 | $ 295,322,600 | $ 248,268,000 | $ 198,372,300 | $ 192,941,300 |
| | **Funding Sources** | | | | | | | |
| | Improvement and Extension Account | | | | | | | |
| 7 | Beginning Balance | 165,448,900 | $ 173,276,100 | $ 180,319,700 | $ 181,206,600 | $ 166,791,800 | $ 170,167,200 | $ 179,887,400 |
| 8 | Transfers from Sewer Receiving | 52,207,500 | 54,823,100 | 54,568,000 | 56,907,800 | 63,643,400 | 78,592,500 | 97,822,600 |
| 9 | Available from I&E Fund | 217,656,400 | 228,099,200 | 234,887,700 | 238,114,400 | 230,435,200 | 248,759,700 | 277,710,000 |
| | Construction Fund | | | | | | | |
| 10 | Beginning Balance | 147,424,638 | 148,749,100 | 108,577,600 | 139,030,100 | 129,126,600 | 103,703,500 | 116,260,300 |
| | Bond Issues | | | | | | | |
| 11 | Sewer System Revenue Bonds | 101,000,000 | 26,000,000 | 76,000,000 | 65,000,000 | 39,000,000 | 51,000,000 | 73,000,000 |
| 12 | Less: Issuance Expenses | (757,500) | (195,000) | (570,000) | (487,500) | (292,500) | (382,500) | (547,500) |
| 13 | Net Bond Proceeds Available | 100,242,500 | 25,805,000 | 75,430,000 | 64,512,500 | 38,707,500 | 50,617,500 | 72,452,500 |
| 14 | State CWSRF Financing | 52,936,600 | 102,632,900 | 159,595,800 | 140,710,700 | 121,598,800 | 89,140,500 | 73,212,000 |
| 15 | Grants and Contributions | 23,191,650 | 33,623,000 | 10,157,500 | 6,624,500 | - | - | - |
| 16 | Investment Income | 3,936,400 | 1,767,600 | 2,019,200 | 2,248,800 | 2,270,600 | 2,298,800 | 2,397,600 |
| 17 | Available from Construction Fund | 327,731,788 | 312,577,600 | 355,780,100 | 353,126,600 | 291,703,500 | 245,760,300 | 264,322,400 |
| 18 | **Total Funding Sources Available** | $ 545,388,188 | $ 540,676,800 | $ 590,667,800 | $ 591,241,000 | $ 522,138,700 | $ 494,520,000 | $ 542,032,400 |
| | **Projected Use of Funding Sources** | | | | | | | |
| 19 | I&E Funds - Capital Outlay | $ 11,779,500 | $ 11,779,500 | $ 15,431,100 | $ 15,322,600 | $ 13,268,000 | $ 13,372,300 | $ 12,941,300 |
| 20 | I&E Funds - Capital Projects | 26,250,000 | 36,000,000 | 38,250,000 | 56,000,000 | 47,000,000 | 55,500,000 | 54,000,000 |
| 21 | Construction Fund - Capital Projects | 148,750,000 | 204,000,000 | 216,750,000 | 224,000,000 | 188,000,000 | 129,500,000 | 126,000,000 |
| 22 | **Total Projected Use of Funding Sources** | $ 186,779,500 | $ 251,779,500 | $ 270,431,100 | $ 295,322,600 | $ 248,268,000 | $ 198,372,300 | $ 192,941,300 |
| | **Funding Sources Available for Future Capital Projects** | | | | | | | |
| 23 | Improvement & Extension Fund | $ 179,626,900 | $ 180,319,700 | $ 181,206,600 | $ 166,791,800 | $ 170,167,200 | $ 179,887,400 | $ 210,768,700 |
| 24 | Construction Fund | 178,981,788 | 108,577,600 | 139,030,100 | 129,126,600 | 103,703,500 | 116,260,300 | 138,322,400 |
| 25 | **Total Funding Sources Available for Future Capital Projects** | $ 358,608,688 | $ 288,897,300 | $ 320,236,700 | $ 295,918,400 | $ 273,870,700 | $ 296,147,700 | $ 349,091,100 |

(a) *Projected CIP spend rounded up to nearest $5M*

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**Local System**

## Local Sewer System Capital Improvement Plan Projected Funding Sources

The following table shows the projected CIP spend and funding sources for the Local System CIP. The DWSD Board of Water Commissioners is presently scheduled to consider approval of the FY 2027-2031 CIP at the April 15, 2026, board meeting.

### TABLE II-3 Local Sewer System Capital Improvement Plan Projected Funding Sources

| | | Adopted | Projected | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 2026 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| | **Funding Requirements** | | | | | | | |
| 1 | DWSD Local System CIP | 159,650,000 | 159,650,000 | 124,535,000 | 202,405,000 | 176,800,000 | 159,130,000 | 121,580,000 |
| 2 | Execution Factor | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| 3 | **Projected CIP Spend** | $ 127,720,000 | $ 127,720,000 | $ 99,628,000 | $ 161,924,000 | $ 141,440,000 | $ 127,304,000 | $ 97,264,000 |
| | **Funding Sources** | | | | | | | |
| | Improvement and Extension Account | | | | | | | |
| 4 | Beginning Balance | $ 38,500,000 | $ 38,500,000 | $ 39,178,500 | $ 39,612,450 | $ 33,669,100 | $ 35,745,550 | $ 48,473,850 |
| 5 | Deposits from Lease Payment | 27,500,000 | 27,500,000 | 27,500,000 | 27,500,000 | 27,500,000 | 27,500,000 | 27,500,000 |
| 6 | GLWA Reimbursement | 431,500 | 431,500 | 55,250 | 1,092,750 | 245,250 | 237,000 | 339,500 |
| 7 | State CWSRF Financing | 8,000,000 | 2,694,017 | 10,232,000 | 21,600,000 | 29,556,000 | 31,200,000 | 24,000,000 |
| 8 | State CWSRF Loan Forgiveness | 4,080,000 | 2,236,000 | - | - | - | - | - |
| 9 | Grant Reimbursements | 67,328,000 | 74,399,883 | 36,984,000 | 72,392,000 | 53,036,000 | 45,600,000 | 30,000,000 |
| 10 | Investment Income | 750,000 | 750,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 11 | Revenue Financed Capital | 1,109,100 | 1,187,100 | 2,530,700 | 4,395,900 | 5,779,200 | 6,495,300 | 8,018,200 |
| 12 | Available from I&E Fund | 147,698,600 | 147,698,500 | 117,480,450 | 167,593,100 | 150,785,550 | 147,777,850 | 139,331,550 |
| | Construction Bond Funds | | | | | | | |
| 13 | Beginning Balance | 43,000,000 | 43,000,000 | 25,300,000 | 29,540,000 | 27,040,000 | 31,640,000 | 19,140,000 |
| 14 | Bond Proceeds | - | - | 25,000,000 | 25,000,000 | 30,000,000 | 15,000,000 | - |
| 15 | Investment Income | 1,500,000 | 1,500,000 | 1,000,000 | 500,000 | 1,000,000 | 500,000 | 100,000 |
| 16 | Available from Construction Funds | 44,500,000 | 44,500,000 | 51,300,000 | 55,040,000 | 58,040,000 | 47,140,000 | 19,240,000 |
| 17 | **Total Funding Sources Available** | $ 192,198,600 | $ 192,198,500 | $ 168,780,450 | $ 222,633,100 | $ 208,825,550 | $ 194,917,850 | $ 158,571,550 |
| | **Projected Use of Funding Sources** | | | | | | | |
| 18 | Improvement & Extension Fund | $ 108,520,000 | $ 108,520,000 | $ 77,868,000 | $ 133,924,000 | $ 115,040,000 | $ 99,304,000 | $ 80,464,000 |
| 19 | Construction Fund | 19,200,000 | 19,200,000 | 21,760,000 | 28,000,000 | 26,400,000 | 28,000,000 | 16,800,000 |
| 20 | **Total Projected Use of Funding Sources** | $ 127,720,000 | $ 127,720,000 | $ 99,628,000 | $ 161,924,000 | $ 141,440,000 | $ 127,304,000 | $ 97,264,000 |
| | **Funding Sources Available for Future Capital Projects** | | | | | | | |
| 21 | Improvement & Extension Fund | $ 39,178,600 | $ 39,178,500 | $ 39,612,450 | $ 33,669,100 | $ 35,745,550 | $ 48,473,850 | $ 58,867,550 |
| 22 | Construction Bond Funds | 25,300,000 | 25,300,000 | 29,540,000 | 27,040,000 | 31,640,000 | 19,140,000 | 2,440,000 |
| 23 | **Total Funding Sources Available for Future Capital Projects** | $ 64,478,600 | $ 64,478,500 | $ 69,152,450 | $ 60,709,100 | $ 67,385,550 | $ 67,613,850 | $ 61,307,550 |

*Note that the DWSD Execution Factor is comparable to the Authority's Capital Spend Ratio Assumption Policy.*

## PROJECTED FINANCIAL OPERATIONS

### Combined Regional and Local Systems

**Combined Regional and Local Sewer Systems Projected Financial Results for Fiscal Years 2026 through 2031**

The following table presents the projected sources of Revenue, uses of Revenue Requirements and Debt Service Coverage (Rate Covenant Basis) for the Sewer System for the fiscal years 2026 through 2031. This Combined System presentation includes all Wholesale and Retail revenues and revenue requirements, consistent with the MBO flow of funds.

**TABLE II-4 Combined Regional and Local Sewer Systems Financial Projection for Fiscal Years 2026 through 2031**

| | | | Projected | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Adopted 2026 | 2026 | Adopted 2027 | Adopted 2028 | 2029 | 2030 | 2031 |
| | **Revenue** | | | | | | | |
| | GLWA Regional System Revenues | | | | | | | |
| 1 | Wholesale Charges | $ 300,316,800 | $ 300,316,800 | $ 312,321,600 | $ 326,592,500 | $ 341,043,300 | $ 356,149,600 | $ 371,922,200 |
| 2 | Charges to Local System | 215,324,400 | 215,324,400 | 225,283,200 | 235,235,000 | 246,070,500 | 257,397,600 | 269,224,200 |
| 3 | Industrial Waste Charges | 9,150,300 | 9,150,300 | 9,508,000 | 9,936,400 | 10,383,600 | 10,851,100 | 11,339,200 |
| 4 | Pollutant Surcharges | 5,112,700 | 5,112,700 | 5,115,500 | 5,346,000 | 5,586,600 | 5,838,100 | 6,100,700 |
| 5 | Investment Earnings | 14,615,200 | 14,073,400 | 10,468,100 | 10,199,900 | 10,932,700 | 12,861,100 | 12,719,500 |
| 6 | Other Operating Revenue | 442,600 | 442,600 | 485,800 | 450,000 | 450,000 | 450,000 | 450,000 |
| 7 | Total GLWA Revenues | 544,962,000 | 544,420,200 | 563,182,200 | 587,759,800 | 614,466,700 | 643,547,500 | 671,755,800 |
| | DWSD Local System Revenues | | | | | | | |
| 8 | Local System Retail | 88,057,900 | 88,057,900 | 93,599,000 | 99,703,300 | 105,624,800 | 111,892,900 | 118,530,900 |
| 9 | Other Operating Revenue | 8,320,000 | 8,320,000 | 7,000,000 | 7,280,000 | 7,571,200 | 7,874,000 | 8,267,700 |
| 10 | Total Local System Revenues | 96,377,900 | 96,377,900 | 100,599,000 | 106,983,300 | 113,196,000 | 119,766,900 | 126,798,600 |
| 11 | **Total Revenues** | $ 641,339,900 | $ 640,798,100 | $ 663,781,200 | $ 694,743,100 | $ 727,662,700 | $ 763,314,400 | $ 798,554,400 |
| | **Revenue Requirements** | | | | | | | |
| 12 | Operations & Maintenance Expense | $ 296,203,000 | $ 297,656,300 | $ 300,494,500 | $ 313,709,200 | $ 326,194,000 | $ 337,312,200 | $ 344,853,600 |
| | Debt Service | | | | | | | |
| 13 | Senior Lien Bonds | 158,579,500 | 154,261,000 | 163,909,100 | 167,966,100 | 174,694,300 | 168,735,400 | 176,185,200 |
| 14 | Second Lien Bonds | 56,447,200 | 56,591,200 | 60,283,100 | 60,060,700 | 53,942,400 | 65,640,400 | 64,545,900 |
| 15 | SRF Junior Lien Bonds | 38,107,400 | 37,593,200 | 42,023,000 | 48,726,600 | 59,802,400 | 62,819,800 | 64,027,600 |
| 16 | Total Debt Service | 253,134,100 | 248,445,400 | 266,215,200 | 276,753,400 | 288,439,100 | 297,195,600 | 304,758,700 |
| 17 | General Retirement System Pension | 7,120,200 | 7,120,200 | 6,748,400 | 6,339,900 | 6,251,400 | 6,162,900 | 6,074,600 |
| 18 | Water Residential Assistance Program Contribution | 4,066,000 | 4,066,000 | 4,224,400 | 4,436,900 | 4,655,600 | 4,885,000 | 5,126,700 |
| 19 | Extraordinary Repair & Replacement Deposit | - | - | - | - | - | 370,900 | - |
| 20 | Lease Payment | 27,500,000 | 27,500,000 | 27,500,000 | 27,500,000 | 27,500,000 | 27,500,000 | 27,500,000 |
| 21 | Working Capital Requirement | - | - | 1,500,000 | 4,700,000 | 5,200,000 | 4,800,000 | 4,400,000 |
| 22 | Available for Revenue Financed Capital | 53,316,600 | 56,010,200 | 57,098,700 | 61,303,700 | 69,422,600 | 85,087,800 | 105,840,800 |
| 23 | **Total Revenue Requirements** | $ 641,339,900 | $ 640,798,100 | $ 663,781,200 | $ 694,743,100 | $ 727,662,700 | $ 763,314,400 | $ 798,554,400 |
| 24 | **Pledged Revenue** (Line 11 - Line 12) | $ 345,136,900 | $ 343,141,800 | $ 363,286,700 | $ 381,033,900 | $ 401,468,700 | $ 426,002,200 | $ 453,700,800 |
| | **Debt Service Coverage Rate Covenant Basis** | | | | | | | |
| 25 | Senior Lien Bonds | 2.18 | 2.22 | 2.22 | 2.27 | 2.30 | 2.52 | 2.58 |
| 26 | Senior and Second Lien Bonds | 1.61 | 1.63 | 1.62 | 1.67 | 1.76 | 1.82 | 1.88 |
| 27 | All Bonds, including SRF | 1.36 | 1.38 | 1.36 | 1.38 | 1.39 | 1.43 | 1.49 |

The projected Fiscal Year 2026 revenues and revenue requirements reflect the first quarter 2026 budget amendment for the Regional System. The only variance from the first quarter budget amendment is Line 5, investment earnings, which is projected at 3% with the difference reflected in Line 22, Available for Revenue Financed Capital. The Local System reflects the adopted budget adjusted for the current estimate of debt service requirements.

The Fiscal Year 2027 and Fiscal Year 2028 figures in this table represent the Regional System and Local System adopted budgets. The revenue requirement increases for the Regional System are 3.3% for FY 2027 and 4.4% for FY 2028. The revenue from charges increases is 4.2% for FY 2027 and 4.5% for FY 2028, higher than the budget increase due to a projected decrease in investment earnings. DWSD budgets included annual increases in revenues from retail sewer rates of 4.5% in FY 2027 and 5.0% in FY 2028.

The projection for FY 2029 through FY 2031 assumes static levels of wholesale service volumes, and 4.5% increases in the average annual service charge adjustment for the Regional System. This results in revenue requirement increases for GLWA of 4.5% for FY 2029, 4.7% for FY 2030 and 4.4% for FY 2031. The DWSD's forecast for the Local Retail System assumes annual increases in revenues from retail sewer rates of 5.0% for FY 2029 through FY 2030. The Local System retail revenues on Line 8 are net of retail bad debt expense that is projected to be at 13.8% for the forecast period.

Projected non-operating revenues of the Regional Sewer System include investment earnings on Line 5 from all eligible Sewer System funds and have been projected based on an analysis of funds on hand and average fund balances. Interest rates ranging between 2.1 and 2.6 percent for FY 2027 through FY 2031 have been assumed for calculating investment income for the projection period. The Authority's independent investment advisor was consulted in developing these assumptions.

The Revenue Requirements in this table are presented in a manner that follows the flow of funds set forth in the Master Bond Ordinance. Operation and maintenance expenses are first, followed by debt service, then by deposits to the Pension Obligation Payment Fund for the General Retirement System Pension, the WRAP Fund, the ER&R Reserve Fund, the Lease Payment, funds needed for working capital and finally the I&E Fund, as further described below.

The projected operation and maintenance expenses shown on Line 12 reflect the total projected transfers to the Wholesale System and Retail System Operation and Maintenance Accounts. 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 undertaken during the FY 2027 budget process. The Local System O&M expenses are projected to increase 4 percent per year after FY 2027.

The Authority's projected debt service is depicted on Lines 13 through 16 and is shown by priorities of lien. Debt service includes existing debt service on all outstanding Bonds plus estimated debt service on all future bond sales as anticipated to fund the Capital Improvement Plans. For purposes of these projections, a scale assuming level debt service based on a 30-year term and an interest rate of 5.0 percent has been assumed on all projected revenue bond sales. While no strategic designation as to the lien status of future bonds has been made nor contemplated, for purposes of these projections it is assumed that any additional bonds would be issued as senior lien. Debt service also includes payments on existing CWSRF loan balances and projected draws on current CWSRF funds. The projection does include CWSRF loans that have been approved and will close during FY 2026 and FY 2027. The projection does not anticipate any availability of CWSRF loans that have not been approved for the Regional System. The Local System CWSRF loans reflect amounts based on approved loans as well as anticipated loans that have not yet been approved. If the Local System is not able to secure the CWSRF loans for future projects, the projects will either be placed on hold or alternate funding source(s) will be pursued to complete the project. Debt service does not reflect any potential savings from future bond refundings.

Transfers to the Pension Obligation Payment Fund are shown on Line 17. These amounts reflect the Sewer System's allocated share of the General Retirement System Legacy Pension Obligation payments and the B and C Note payments. For FY 2026 the UAAL contribution will be $3.8 million with an administrative fee of $0.6 million for a total of $4.4 million ($2.5 million Sewer System share). This amount was used for FY 2026 through FY 2031. Annual payments on the BC Notes range from $7.4 million ($4.6 million Sewer System share) in Fiscal Year 2026, then decreasing yearly to $5.5 million ($3.4 million Sewer System share) in Fiscal Year 2031.

Transfers to the WRAP Fund, shown on Line 18, are established at 0.5% of total projected revenues from Wholesale System service charges, plus 1.0% of total projected revenues from Local Retail System sewer rates (excluding the wholesale portion of same).

As part of the 2018 MOU implementation, the Budget Stabilization Fund and the ER&R Fund requirement were fully funded from existing cash and investment balances. As shown on Line 19 in the projection, annual deposits are made when necessary to achieve the required ER&R balance. The ER&R Fund provides approximately 70 days cash.

The next revenue requirement relates to the Sewer System's annual $27.5 million share of the Lease Payment on Line 20. Detroit has opted 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.

Line 21 is for Working Capital Requirement as needed for the Receiving Fund and/or the Authority Wholesale Operation and Maintenance Account. The projections assume that the Receiving Fund and the Operation and Maintenance Account will maintain working capital that will provide approximately 200 days towards the desired overall days cash ratio.

The remaining amount available is on Line 22 and the planned use is to transfer amounts to the Authority Regional and Detroit Local System I&E Funds held within the Trust. The Authority Regional I&E account balance along with the account balance in the Receiving, O&M and ER&R combined are the funds used in calculating the total days cash ratio.

Projections of annual debt service coverage levels are summarized on Lines 25 through 27. These coverage levels are calculated on the same basis as required by the rate covenant contained in the Master Bond Ordinance. Pursuant to the Rate Covenant of the Master Bond Ordinance, sewer service charges must be established to maintain debt service coverage ratios of at least 1.20 for Senior Lien Bonds, 1.10 for Second Lien Bonds, and 1.00 for SRF Junior Lien Bonds. Annual coverage levels are projected to be more than the amounts required by the Master Bond Ordinance.

The Authority has targeted higher minimum planning targets for coverage for each lien of debt. While these informal targets have not yet been formally established as policy positions, the long-term financial sustainability and stability objectives include increasing levels of debt service coverage as a strategic objective.

### Combined Regional and Local Sewer Systems Summary of New Debt for Capital Improvement Funding

The following table summarizes the new debt from Table II-2 for the Regional System and Table II-3 for the Local System to provide a combined total of the projected future debt that will be used for financing the capital improvement plans of both systems.

**TABLE II-5 Combined Regional and Local Sewer Systems Summary of New Debt for Capital Improvement Funding**

| | | Projected | | | | | |
|---|---|---|---|---|---|---|---|
| | | **2026** | **2027** | **2028** | **2029** | **2030** | **2031** |
| | **Local System** | | | | | | |
| 1 | New Bonds | $ - | $ 25,000,000 | $ 25,000,000 | $ 30,000,000 | $ 15,000,000 | $ - |
| | SRF Financing * | | | | | | |
| 2 | Draws on Existing Loans | 2,694,017 | 6,000,000 | 2,820,280 | - | - | - |
| 3 | Draws on New Loans | - | 4,232,000 | 18,779,720 | 29,556,000 | 31,200,000 | 24,000,000 |
| | **Total Local System** | 2,694,017 | 35,232,000 | 46,600,000 | 59,556,000 | 46,200,000 | 24,000,000 |
| | **Regional System** | | | | | | |
| 4 | New Bonds | 26,000,000 | 76,000,000 | 65,000,000 | 39,000,000 | 51,000,000 | 73,000,000 |
| | SRF Financing * | | | | | | |
| 5 | Draws on Existing Loans | 102,613,600 | 131,679,100 | 91,927,200 | 57,082,500 | 58,120,700 | 52,450,100 |
| 6 | Draws on New Loans | 19,300 | 27,916,700 | 48,783,500 | 64,516,300 | 31,019,800 | 20,761,900 |
| | **Total Regional System** | 128,632,900 | 235,595,800 | 205,710,700 | 160,598,800 | 140,140,500 | 146,212,000 |
| | **Combined Systems** | | | | | | |
| 7 | New Bonds | 26,000,000 | 101,000,000 | 90,000,000 | 69,000,000 | 66,000,000 | 73,000,000 |
| | SRF Financing * | | | | | | |
| 8 | Draws on Existing Loans | 105,307,617 | 137,679,100 | 94,747,480 | 57,082,500 | 58,120,700 | 52,450,100 |
| 9 | Draws on New Loans | 19,300 | 32,148,700 | 67,563,220 | 94,072,300 | 62,219,800 | 44,761,900 |
| 10 | **Total New Debt** | $ 131,326,917 | $ 270,827,800 | $ 252,310,700 | $ 220,154,800 | $ 186,340,500 | $ 170,212,000 |

** 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.*

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## Regional System

### Regional System Fiscal Year 2026 and 2027 and Fiscal Year 2027 and 2028 Biennial Budgets

The GLWA Board approved the Fiscal Year 2026 and 2027 Biennial Budget in February 2025. The Biennial Budget establishes a formal authorization for Fiscal Year 2026 (the current year). In February 2026 the Board approved the Fiscal Year 2027 and 2028 Biennial Budget. The full Biennial Budget documents are available on GLWA's website at www.glwater.org.

The Board also approved a schedule of sewer service charges for Fiscal Year 2026 and Fiscal Year 2027 on the same dates as the corresponding Biennial Budgets. The adopted Fiscal Year 2026 budget revenue requirement represented a 4.7% increase in the budget for the Regional Sewer System over the originally adopted budget for the prior fiscal year. The Fiscal Year 2026 average system charges represented a 4.5% increase over the Fiscal Year 2025 sewer service charges.

The adopted Fiscal Year 2027 budget revenue requirement represents a 3.3% increase in the budget for the Regional Sewer System over the originally adopted budget for the prior fiscal year. The Fiscal Year 2027 wholesale sewer service charge represents a 4.26% increase over the Fiscal Year 2026 sewer service charges. A decrease in projected investment earnings is driving the charge increase to be more than the budget increase. Despite these recent increases, GLWA's ten-year average charge increase is 1.85% for the wastewater system.

The biennial budgets adopted by the Board have generally established the baseline plan from which to develop long-term financial plan projections. The Authority also conducts ongoing diligent reviews of financial activity during a fiscal year and employs a formal budget amendment policy. Events occurring subsequent to the approval of the original FY 2026 budget resulted in a first quarter budget amendment for Fiscal Year 2026, which was approved by the Board on January 28, 2026. The amendment reduced the debt service requirements due to the June 2025 refunding transaction. Increases in operations and maintenance expenses were due to an increase in costs for the facilities shared with DWSD, for a net positive of $3.2 million.

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**Regional Sewer System Projected Revenues, Expenses and Changes in Net Position**

The following table provides a GAAP basis financial reporting projection based on the sources of Revenue and uses of Revenue Requirements shown in table II-4. Financial reporting for certain Revenue Requirements is different than the methodology used for the budget (which is a modified accrual cash basis). The budget is based on what the cash needs are for the year and that is used to determine the charges to the member partners. The largest item that is different is the depreciation of assets used in financial reporting that is not a line item in the budget. The other major item is Debt Service. On a budget basis the debt service line item includes both principal and interest payments. For financial reporting, the principal payments are treated as a reduction of the liability and not an expense.

**TABLE II-6 Regional Sewer System Projected Revenues, Expenses and Changes in Net Position**

| | | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|---|
| 1 | Operating Revenues | $ 530,346,800 | $ 552,714,100 | $ 577,559,900 | $ 603,534,000 | $ 630,686,400 | $ 659,036,300 |
| | Operating Expenses | | | | | | |
| 2 | Operating Expenses before Depreciation | 236,535,900 | 236,713,500 | 247,332,300 | 257,293,400 | 265,989,600 | 270,628,500 |
| 3 | Depreciation Expense | 145,887,600 | 144,012,100 | 147,573,700 | 155,408,500 | 155,825,900 | 153,835,100 |
| 4 | Amortization of Intangible Assets | 2,032,600 | 2,032,600 | 2,032,600 | 1,666,700 | 1,164,000 | 439,700 |
| 5 | Total Operating Expenses | 384,456,100 | 382,758,200 | 396,938,600 | 414,368,600 | 422,979,500 | 424,903,300 |
| 6 | Operating Income | 145,890,700 | 169,955,900 | 180,621,300 | 189,165,400 | 207,706,900 | 234,133,000 |
| | Nonoperating Revenues (Expenses) | | | | | | |
| 7 | Earnings on Investments | 15,841,000 | 12,487,300 | 12,448,700 | 13,203,300 | 15,159,900 | 15,117,100 |
| 8 | Interest Income on Other Receivables | 14,829,000 | 14,263,500 | 14,855,800 | 15,467,700 | 16,271,200 | 16,272,600 |
| 9 | Interest Expense | (135,952,200) | (134,227,800) | (135,706,900) | (135,982,900) | (134,885,300) | (132,654,200) |
| 10 | Amortization of Debt Related Items | 11,339,800 | 11,335,200 | 11,662,800 | 11,544,100 | 11,198,900 | 12,078,500 |
| 11 | Legacy Pension Expense | 6,542,800 | (6,713,400) | 431,400 | 1,232,800 | 343,000 | 500,300 |
| 12 | WRAP | (2,638,500) | (2,749,800) | (2,873,400) | (3,002,700) | (3,137,700) | (3,278,800) |
| 13 | Other | 24,659,000 | 9,880,800 | 6,347,800 | (276,700) | (276,700) | (276,700) |
| 14 | Total Nonoperating Expenses | (65,379,100) | (95,724,200) | (92,833,800) | (97,814,400) | (95,326,700) | (92,241,200) |
| 15 | Income Before Capital Contributions | 80,511,600 | 74,231,700 | 87,787,500 | 91,351,000 | 112,380,200 | 141,891,800 |
| 16 | Capital Contributions | 66,687,300 | 15,600,000 | - | - | - | - |
| 17 | Change in Net Position | 147,198,900 | 89,831,700 | 87,787,500 | 91,351,000 | 112,380,200 | 141,891,800 |
| 18 | Net Position (Deficit), Beginning of Year | 11,981,100 | 159,180,000 | 249,011,700 | 336,799,200 | 428,150,200 | 540,530,400 |
| 19 | Net Position (Deficit), End of Year | $ 159,180,000 | $ 249,011,700 | $ 336,799,200 | $ 428,150,200 | $ 540,530,400 | $ 682,422,200 |

When the Authority started operations, the financial transaction was recorded based upon GASB 69, which resulted in an overall increase in the capital asset value from the predecessor entity's historical cost based on a valuation by an appraiser. The depreciable lives were also adjusted, and in many cases shortened, causing higher depreciation expense. Many of these assets originally acquired were fully depreciated by FY 2025. These factors have resulted in a negative net position since inception in 2016 through 2024. The projection shows a positive net position for all years.

**Regional Sewer System Projected Cash and Investment Balances**

The following table presents a summary of the projected cash and investment year-end balances held by the Authority both inside and outside of the Trust. It does not include any funds held by DWSD outside of the Trust.

**TABLE II-7 Regional Sewer System Projected Cash and Investment Balances**

| | | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|---|
| | **Unrestricted Funds** | | | | | | |
| | Receiving Fund (Regional) | | | | | | |
| 1 | Beginning Balance | $ 69,194,500 | $ 65,805,100 | $ 64,790,200 | $ 67,024,400 | $ 69,504,400 | $ 71,121,200 |
| 2 | Investment Earnings | 7,443,900 | 5,439,400 | 5,215,200 | 5,354,400 | 6,279,400 | 6,275,200 |
| 3 | Receipts | 530,346,800 | 552,714,100 | 577,559,900 | 603,534,000 | 630,686,400 | 659,036,300 |
| 4 | MBO Transfers | (486,357,000) | (504,600,400) | (523,633,100) | (542,765,000) | (556,756,500) | (566,215,100) |
| 5 | I&E transfers out | (54,823,100) | (54,568,000) | (56,907,800) | (63,643,400) | (78,592,500) | (97,822,600) |
| 6 | Ending Balance Receiving | 65,805,100 | 64,790,200 | 67,024,400 | 69,504,400 | 71,121,200 | 72,395,000 |
| | O&M Fund (Regional) | | | | | | |
| 7 | Beginning Balance | 65,929,700 | 67,953,700 | 69,455,500 | 70,928,000 | 72,552,300 | 74,453,200 |
| 8 | Investment Earnings | 2,024,000 | 1,501,800 | 1,472,500 | 1,624,300 | 1,900,900 | 1,861,300 |
| 9 | Working Capital Needs | - | - | - | - | - | - |
| 10 | Ending Balance O&M | 67,953,700 | 69,455,500 | 70,928,000 | 72,552,300 | 74,453,200 | 76,314,500 |
| | ER&R Fund | | | | | | |
| 11 | Beginning Balance | 44,476,300 | 45,841,700 | 46,854,800 | 47,848,100 | 48,943,800 | 50,597,000 |
| 12 | Investment Earnings | 1,365,400 | 1,013,100 | 993,300 | 1,095,700 | 1,282,300 | 1,264,900 |
| 13 | MBO Transfers | - | - | - | - | 370,900 | - |
| 14 | Ending Balance ER&R | 45,841,700 | 46,854,800 | 47,848,100 | 48,943,800 | 50,597,000 | 51,861,900 |
| | I&E Fund (Regional) | | | | | | |
| 15 | Beginning Balance | 173,276,100 | 180,319,700 | 181,206,600 | 166,791,800 | 170,167,200 | 179,887,400 |
| 16 | Budgeted Capital Outlay | (11,779,500) | (15,431,100) | (15,322,600) | (13,268,000) | (13,372,300) | (12,941,300) |
| 17 | Transfer to Construction Fund | (36,000,000) | (38,250,000) | (56,000,000) | (47,000,000) | (55,500,000) | (54,000,000) |
| 18 | Deposits from Revenues | 54,823,100 | 54,568,000 | 56,907,800 | 63,643,400 | 78,592,500 | 97,822,600 |
| 19 | Ending Balance I&E | 180,319,700 | 181,206,600 | 166,791,800 | 170,167,200 | 179,887,400 | 210,768,700 |
| 20 | **Total Unrestricted Funds** | **$ 359,920,200** | **$ 362,307,100** | **$ 352,592,300** | **$ 361,167,700** | **$ 376,058,800** | **$ 411,340,100** |
| 21 | ***Days Cash on Hand*** | ***553*** | ***556*** | ***518*** | ***511*** | ***515*** | ***554*** |
| | **Restricted Funds** | | | | | | |
| | Receiving Fund (*Local System*)-Cash held fbo DWSD | | | | | | |
| 22 | Beginning Balance | $ 33,764,000 | $ 33,764,000 | $ 33,764,000 | $ 33,764,000 | $ 33,764,000 | $ 33,764,000 |
| 23 | Receipts | 314,624,800 | 328,938,000 | 345,274,100 | 362,322,300 | 380,220,300 | 399,078,600 |
| 24 | MBO Transfers | (313,437,700) | (326,407,300) | (340,878,200) | (356,543,100) | (373,725,000) | (391,060,400) |
| 25 | I&E Transfers (Local System) | (1,187,100) | (2,530,700) | (4,395,900) | (5,779,200) | (6,495,300) | (8,018,200) |
| 26 | Ending Balance Receiving | 33,764,000 | 33,764,000 | 33,764,000 | 33,764,000 | 33,764,000 | 33,764,000 |
| 27 | Debt Service | 19,226,800 | 22,214,300 | 25,822,300 | 30,479,200 | 25,430,000 | 26,295,000 |
| 28 | Construction Fund (Regional System) | 108,577,600 | 139,030,100 | 129,126,600 | 103,703,500 | 116,260,300 | 138,322,400 |
| 29 | Budget Stabilization Fund | 5,500,000 | 5,500,000 | 5,500,000 | 5,500,000 | 5,500,000 | 5,500,000 |
| 30 | WRAP | 1,124,200 | 1,124,200 | 1,124,200 | 1,124,200 | 1,124,200 | 1,124,200 |
| 31 | **Total Restricted Funds** | **$ 168,192,600** | **$ 201,632,600** | **$ 195,337,100** | **$ 174,570,900** | **$ 182,078,500** | **$ 205,005,600** |
| 32 | **Total Unrestricted and Restricted Funds** | **$ 528,112,800** | **$ 563,939,700** | **$ 547,929,400** | **$ 535,738,600** | **$ 558,137,300** | **$ 616,345,700** |

Line 2 represents the investment earnings in the receiving fund as well as the investment earnings that are transferred from the I&E Fund.

Line 20 represents the unrestricted funds of the Authority which are entirely generated by revenues.

Line 28 includes amounts funded by bond proceeds and loans. The Authority no longer maintains a balance in the Debt Reserve account with the reserve requirement having been reduced to zero in June 2024.

The Authority carefully monitors the working capital balance in the receiving fund (Lines 1 through 6 and lines 22 through 26) to ensure that adequate amounts are on hand for subsequent monthly transfers of the MBO requirements.

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**APPENDIX III**

**DETROIT MSA**

The Detroit-Warren-Dearborn Metropolitan Statistical Area (the "Detroit MSA") is comprised of six counties: Wayne, Oakland, Macomb, Livingston, Lapeer and St. Clair. The Detroit MSA is ranked the 19th largest metropolitan statistical area in terms of population in the country.

## Population

The population in the Detroit MSA has been relatively stable over the last approximately 35 years. The following table presents population trends of the Detroit MSA and the United States since 1990.

**Table 1**
**Population Trends**

| | Detroit MSA | | U.S. |
|---|---|---|---|
| **Year** | **Population** | **% Change** | **% Change** |
| 2025* | 4,390,913 | 0.12% | 3.08% |
| 2020 | 4,385,445 | 2.08% | 7.40% |
| 2010 | 4,296,250 | (3.51%) | 9.71% |
| 2000 | 4,452,557 | 4.80% | 13.15% |
| 1990 | 4,248,699 | (5.30%) | 9.80% |

*2025 estimate as of July 1, 2025.
SOURCE: US. Department of Commerce, Bureau of the Census.

## Employment

The following table sets forth certain information on total employment by industry group for the Detroit MSA and that of the United States. The region has consistently maintained a greater percentage of persons employed in the manufacturing sector than the nation as a whole, reflecting the area's long history as a center of the automotive industry.

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**Table 2**
**Annual Employment by Place of Work (Nonfarm Not Seasonally Adjusted)**

| | Detroit-Warren-Dearborn MSA | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2024 | | 2025 | |
| | (000's) | % | (000's) | % | (000's) | % | (000's) | % | (000's) | % |
| **Industry Group:** | | | | | | | | | | |
| Professional and Business Services | 384 | 19.9% | 400 | 19.9% | 392 | 19.2% | 382 | 18.4% | 367 | 18.0% |
| Trade, Transportation, and Utilities | 369 | 19.1% | 384 | 19.1% | 387 | 19.0% | 398 | 19.2% | 385 | 18.9% |
| Education and Health Services | 297 | 15.4% | 304 | 15.1% | 317 | 15.6% | 336 | 16.2% | 344 | 16.8% |
| Manufacturing | 240 | 12.4% | 251 | 12.5% | 253 | 12.4% | 251 | 12.1% | 239 | 11.7% |
| Leisure and Hospitality | 157 | 8.1% | 179 | 8.9% | 187 | 9.2% | 188 | 9.1% | 185 | 9.1% |
| Government | 179 | 9.3% | 183 | 9.1% | 187 | 9.2% | 199 | 9.6% | 198 | 9.7% |
| Financial Activities | 129 | 6.7% | 126 | 6.3% | 125 | 6.1% | 129 | 6.2% | 131 | 6.4% |
| Mining, Logging, and Construction | 78 | 4.1% | 81 | 4.0% | 84 | 4.1% | 84 | 4.0% | 86 | 4.2% |
| Other Services | 69 | 3.6% | 74 | 3.7% | 76 | 3.7% | 78 | 3.8% | 77 | 3.8% |
| Information | 27 | 1.4% | 30 | 1.5% | 31 | 1.5% | 30 | 1.4% | 28 | 1.4% |
| Total | 1,929 | 100.0% | 2,011 | 100.0% | 2,039 | 100.0% | 2,073 | 100.0% | 2,040 | 100.0% |

| | U.S. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2022 | | 2023 | | 2024 | | 2025 | |
| | (000's) | % | (000's) | % | (000's) | % | (000's) | % | (000's) | % |
| **Industry Group:** | | | | | | | | | | |
| Professional and Business Services | 21,386 | 14.6% | 22,537 | 14.8% | 22,840 | 14.6% | 22,620 | 14.3% | 22,442 | 14.1% |
| Trade, Transportation, and Utilities | 27,653 | 18.9% | 28,632 | 18.8% | 28,847 | 18.5% | 28,923 | 18.3% | 29,348 | 18.4% |
| Education and Health Services | 23,652 | 16.2% | 24,336 | 16.0% | 25,342 | 16.2% | 26,490 | 16.8% | 27,772 | 17.4% |
| Manufacturing | 12,354 | 8.4% | 12,812 | 8.4% | 12,940 | 8.3% | 12,817 | 8.1% | 12,600 | 7.9% |
| Leisure and Hospitality | 14,151 | 9.7% | 15,827 | 10.4% | 16,593 | 10.6% | 16,818 | 10.6% | 16,661 | 10.5% |
| Government | 21,973 | 15.0% | 22,191 | 14.5% | 22,782 | 14.6% | 23,375 | 14.8% | 23,646 | 14.8% |
| Financial Activities | 8,806 | 6.0% | 9,062 | 5.9% | 9,197 | 5.9% | 9,169 | 5.8% | 9,221 | 5.8% |
| Mining and Logging | 560 | 0.4% | 605 | 0.4% | 640 | 0.4% | 626 | 0.4% | 602 | 0.4% |
| Construction | 7,436 | 5.1% | 7,763 | 5.1% | 8,018 | 5.1% | 8,212 | 5.2% | 8,199 | 5.1% |
| Other Services | 5,457 | 3.7% | 5,694 | 3.7% | 5,826 | 3.7% | 5,966 | 3.8% | 6,001 | 3.8% |
| Information | 2,856 | 2.0% | 3,063 | 2.0% | 3,027 | 1.9% | 2,943 | 1.9% | 2,866 | 1.8% |
| Total | 146,284 | 100.0% | 152,522 | 100.0% | 156,052 | 100.0% | 157,959 | 100.0% | 159,358 | 100.0% |

NOTE: Totals may not add due to rounding.
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Unemployment in the Detroit MSA in comparison to the City, the State and the United States is illustrated in the following table.

**Table 3**
**Civilian Unemployment Rates 2016 – 2025 (Not Seasonally Adjusted)**

| | Detroit | Detroit MSA | State of Michigan | U.S. |
|---|---|---|---|---|
| 2025 | 10.0% | 5.0% | 5.1% | 4.3% |
| 2024 | 9.1% | 4.5% | 4.7% | 4.0% |
| 2023 | 7.2% | 3.6% | 3.9% | 3.6% |
| 2022 | 7.9% | 3.9% | 4.2% | 3.7% |
| 2021 | 12.7% | 6.0% | 5.7% | 5.4% |
| 2020 | 21.5% | 11.6% | 10.1% | 8.1% |
| 2019 | 8.4% | 4.2% | 4.1% | 3.7% |
| 2018 | 8.7% | 4.3% | 4.2% | 3.9% |
| 2017 | 9.2% | 4.5% | 4.6% | 4.4% |
| 2016 | 10.4% | 5.3% | 5.0% | 4.9% |

SOURCE: Michigan Department of Technology, Management and Budget, Labor Market Information. U.S. Department of Labor, Bureau of Labor Statistics.

**Table 4**
**Annual Employment Growth 2017 – 2026 (January to January)**

| | Detroit MSA |
|---|---|
| 2026 | 0.0% |
| 2025 | -0.7% |
| 2024 | 2.4% |
| 2023 | 1.4% |
| 2022 | 4.5% |
| 2021 | -7.3% |
| 2020 | -0.2% |
| 2019 | 2.3% |
| 2018 | 1.2% |
| 2017 | 3.1% |

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

## Housing Characteristics

The following table shows certain housing characteristics of the Detroit MSA in comparison to the State and the United States.

**Table 5**
**Housing Characteristics – Fourth Quarter 2025 Statistics**

| | Detroit MSA | State of Michigan | U.S. |
|---|---|---|---|
| Homeownership Rates............................. | 81.0% | 78.6% | 65.5% |
| Rental Vacancy ....................................... | 10.4% | 8.3% | 7.2% |
| Homeownership Vacancy........................ | 0.1% | 0.5% | 1.2% |

NOTE: The fourth quarter 2025 estimates are based only on data from November 2025 and December 2025. Due to a lapse in federal funding, the Current Population Survey/Housing Vacancy Survey (CPS/HVS) did not collect data for the month of October 2025.
SOURCE: U.S. Department of Commerce, Bureau of Census.

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# APPENDIX IV

## AUDITED FINANCIAL STATEMENTS OF THE GREAT LAKES WATER AUTHORITY SEWER FUND FOR THE YEAR ENDED JUNE 30, 2025

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GLWA
Great Lakes Water Authority

# Annual Comprehensive Financial Report

## Fiscal Year Ended June 30, 2025

FY 2025

Prepared by Great Lakes Water Authority
Financial Services Area
Detroit, Michigan

*Dedicated to efficiently delivering the nation's best water and sewer services in partnership with our member partners across southeast Michigan*

# GREAT LAKES WATER AUTHORITY

Southeast Michigan

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Including Independent Auditors' Report

Fiscal Year Ended June 30, 2025

**Prepared By:**

**Great Lakes Water Authority Financial Services Area**

## GREAT LAKES WATER AUTHORITY

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# INTRODUCTORY SECTION

**TRANSMITTAL LETTER**

December 10, 2025

Board of Directors of the Great Lakes Water Authority and Those That We Serve,

We are pleased to present the Annual Comprehensive Financial Report ("ACFR") for the Great Lakes Water Authority ("GLWA" or "Authority") for the fiscal year which ended June 30, 2025.

## About this Annual Comprehensive Report

The accompanying financial statements for GLWA were prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), as promulgated by the Governmental Accounting Standards Board ("GASB") and audited by a firm of independent certified public accountants engaged by the GLWA Board of Directors. This is consistent with the GLWA Articles of Incorporation and By-laws which require an annual audit of the Authority's financial statements by independent certified public accountants.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with GLWA management. To the best of our knowledge and belief, the information contained in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of GLWA. All disclosures necessary for the reader to gain an understanding of GLWA's financial activity have been included.

GLWA management is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are adequately safeguarded against loss, theft, or misuse and to maintain accurate and reliable financial records for the preparation of financial statements and the representations made by management. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of internal controls should not exceed the benefits derived from the controls; and 2) the evaluation of costs and benefits requires management's exercise of judgment. To the best of our knowledge and belief, GLWA's internal accounting controls adequately safeguard its assets and provide reasonable assurance of the proper recording of financial transactions in accordance with GAAP.

Baker Tilly US, LLP, Certified Public Accountants, has been retained by GLWA to serve as its independent auditors and has issued an unmodified ("clean") opinion on GLWA's financial statements for the year ended June 30, 2025, with comparative amounts for June 30, 2024.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to supplement the MD&A and should be read in conjunction with it. GLWA's MD&A is located immediately following the independent auditors' report.

**Overview of GLWA**

GLWA is one of the largest water and wastewater utilities in the United States serving solely as a wholesale treatment services provider. At GLWA, we define "Member Partner" as the city, township, village, drainage district, authority or other public body corporate recognized by the state of Michigan that holds a wholesale water or wastewater disposal services contract with GLWA. Our Member Partners are actively engaged with GLWA and supported by a facilitated outreach program to ensure open, ongoing, and proactive relationships.

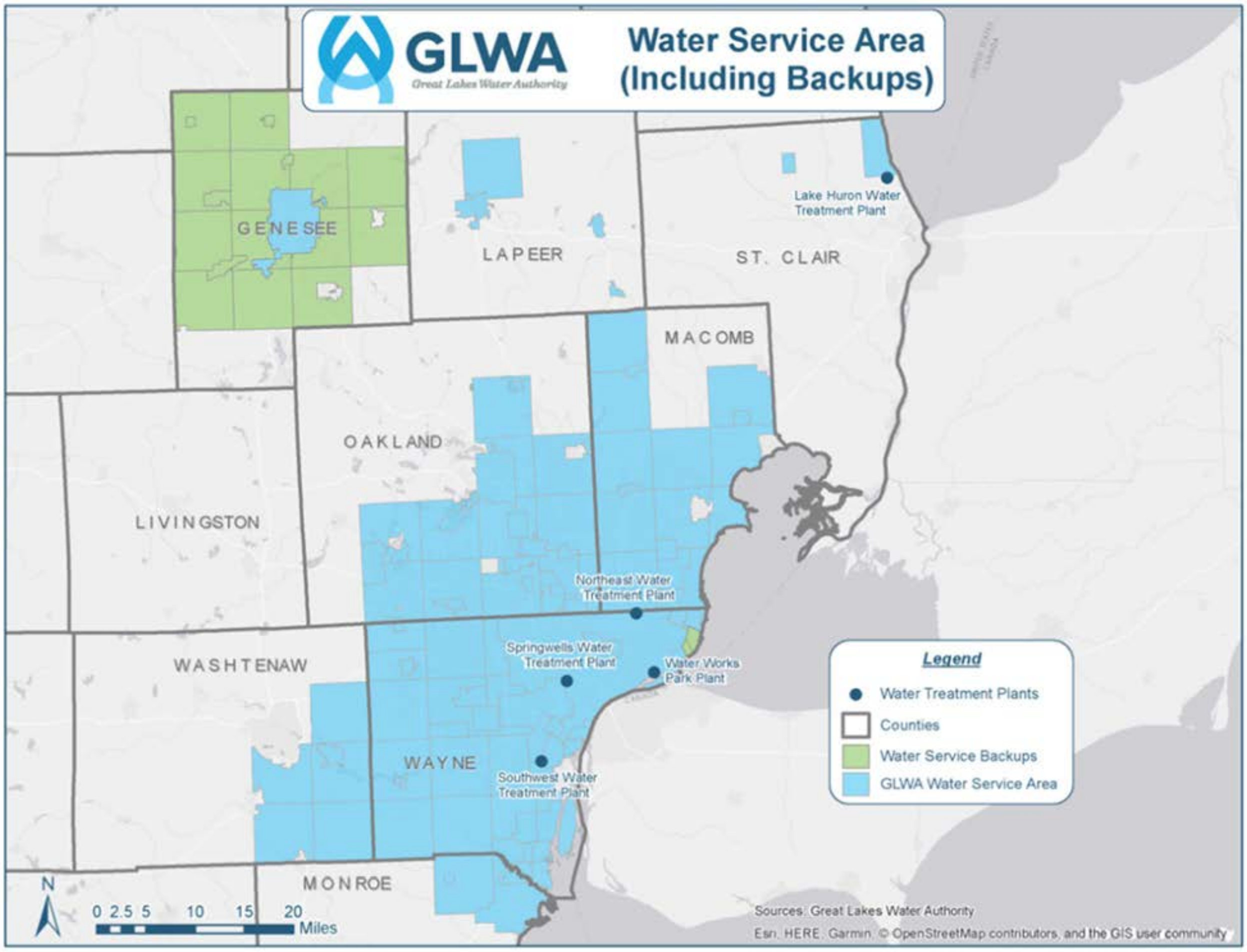
GLWA assumed operational control of the city of Detroit Water & Sewerage Department's (DWSD) regional operating assets on January 1, 2016, pursuant to the terms outlined in a companion set of documents commonly referred to as the lease agreements and water and sewer services agreements. DWSD continues to operate and maintain the local system that serves the geographic boundaries of the City of Detroit. GLWA leases the regional water and sewage disposal facilities from the City for an allocation of $50 million per year to fund capital improvements for the City's retail system and/or debt obligations associated with providing water and sewer service to the City.

**Regional Water System**

Our regional water system is one of the largest in the United States, both in terms of water produced and population served. The system currently serves an area of 1,674 square miles with an estimated population of nearly 3.8 million or approximately 38 percent of Michigan's population. The water system provides service to 115 communities through 87 wholesale water service contracts and the Water and Sewer Services Agreement with the City of Detroit.

Fortunately, GLWA has certain geographic and source water advantages. GLWA is surrounded by the Great Lakes with three water intakes. Of particular note is that PFAS is non-detect in the finished drinking water. The size and complexity of the GLWA water treatment plants support two pilot water plants that allow GLWA to test and assess changes in water treatment.

The following map depicts the water service area.

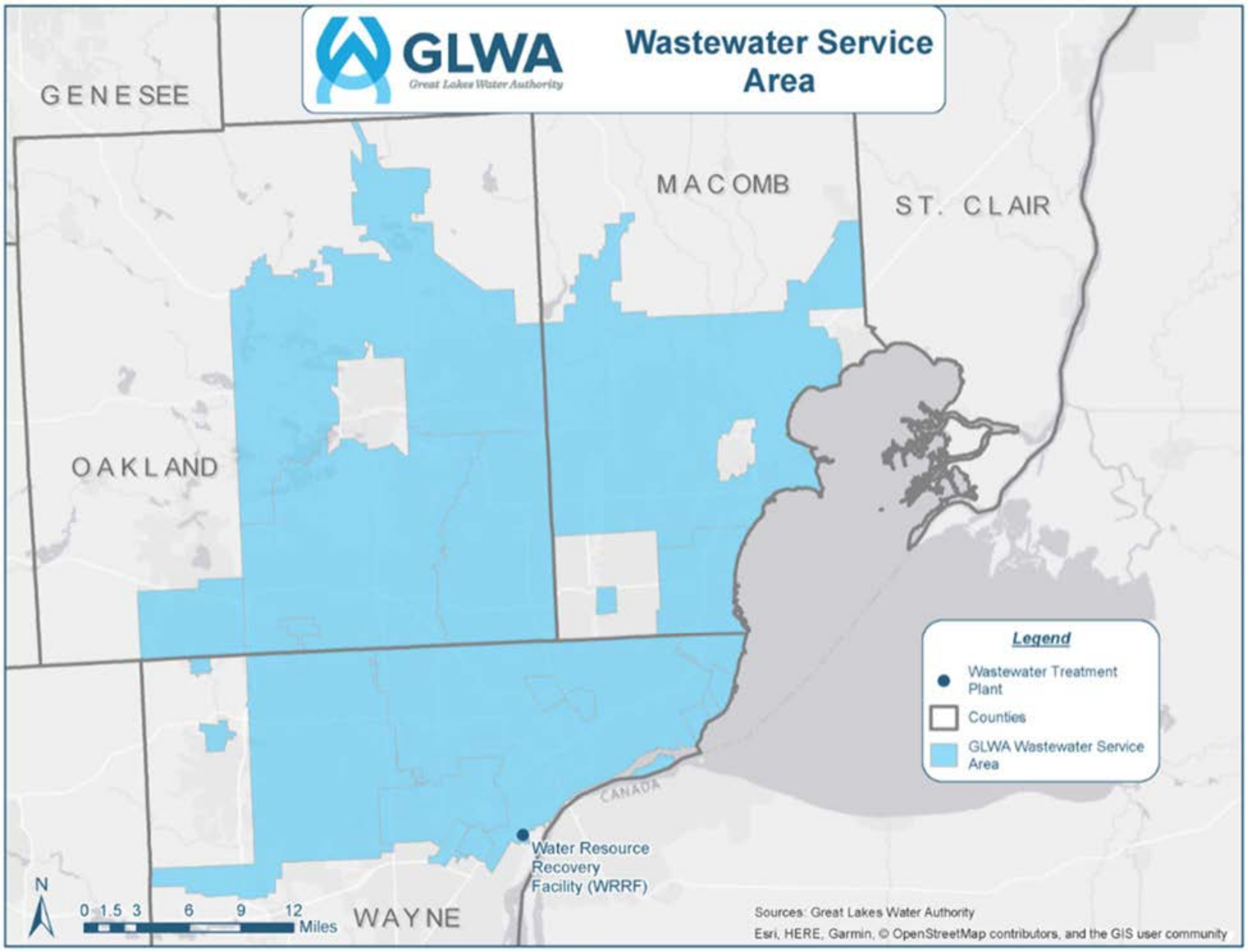



**Regional Wastewater System**

The wastewater system consists of one of the largest single-site water resource recovery facilities in the United States with a treatment capacity of 1,700 million gallons per day. The wastewater system currently serves an area of 953 square miles with an estimated population of nearly 2.8 million or approximately 28 percent of Michigan's population. The wastewater system serves 79 communities through 18 wholesale sewer service contracts and the Water and Sewer Services Agreement with the City of Detroit.

The long-term strategy for the wastewater treatment and sewage disposal system is a focus on regional efficiencies. The 2020 Wastewater Master Plan ("WWMP") was adopted by the Board in September 2020. The WWMP was created with incredible energy, insight, and direction from a broad cross section of our Member Partners working collaboratively with our team members and consultants and other regional stakeholders. The focus, approach and outcomes of the plan demonstrate the true spirit of the One Water Partnership that GLWA and our Member Partners are committed to for the benefit of southeast Michigan. The 40-year master plan focuses on water quality, leveraging the entire region's existing infrastructure, maximizing the use of dynamic wet weather operations, strategic use of green infrastructure, addressing changes in weather patterns and rain event intensities, extensive system modeling including surface water and wastewater treatment, evaluation of resource recovery options and energy reduction opportunities.

The following map depicts the wastewater service area.



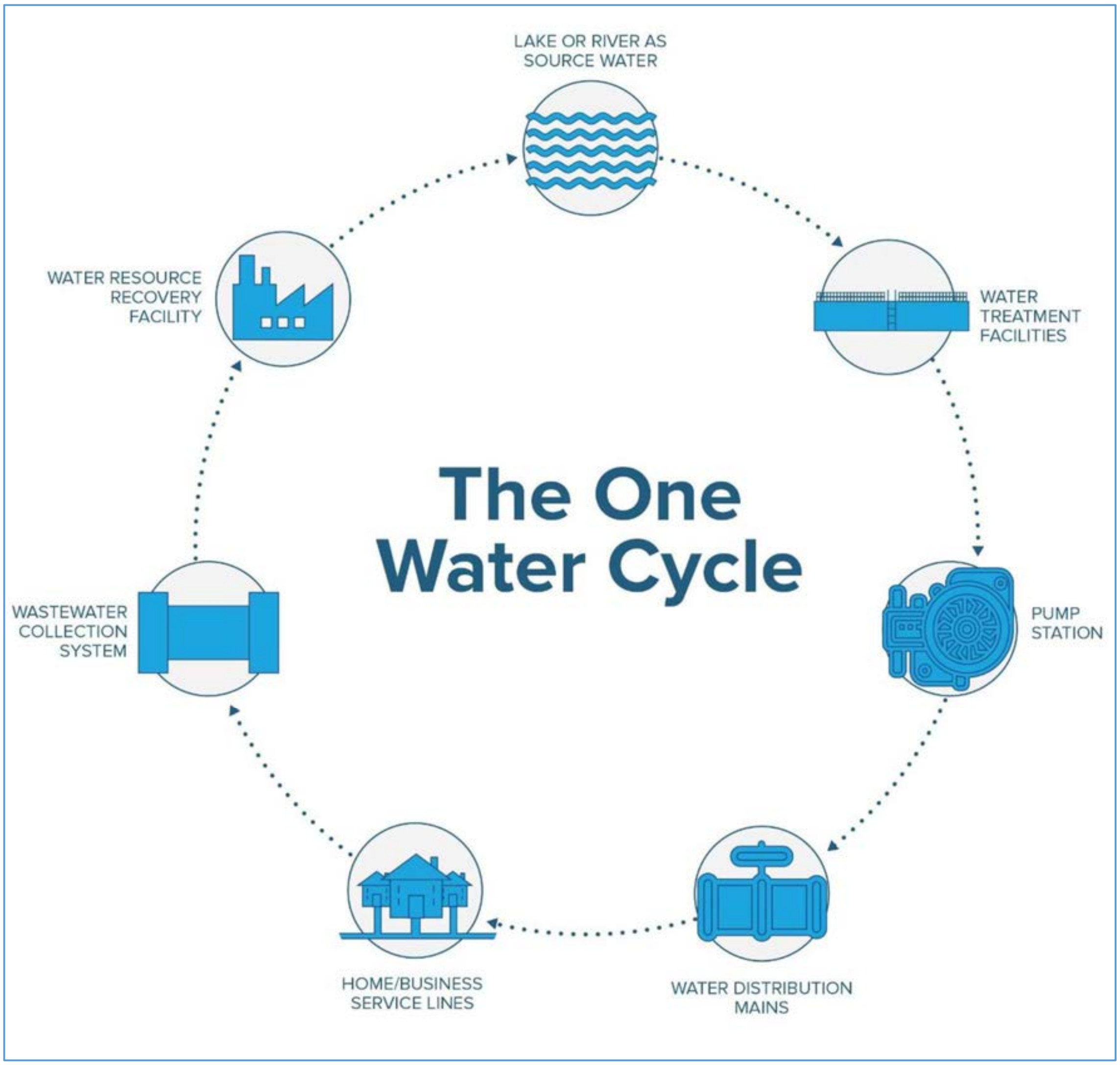

## One Water Concept

GLWA is all about **One Water -** the movement of water from the environment to its Member Partners, and back to the environment.

First, GLWA ensures its Member Partner communities receive the highest quality water by using treatment standards that are more strict than state or federal regulatory requirements. Then, once water has been used, GLWA runs it through the treatment process again before returning it to the environment - often times cleaner than when the water was first received.

Working hand in hand with its Member Partners, GLWA provides unquestionable water quality and efficient and effective wastewater services.

Together, GLWA is **One Water** with its Member Partner communities.




**Regional Service Area Economy**

The GLWA service area is largely located in the Detroit Metropolitan Service Area (MSA) which is ranked the 19th largest metropolitan area in terms of population in the country. The current unemployment rate is 4.9 percent which is comparable to the national unemployment rate of 4.4 percent. The city of Detroit is experiencing significant growth driven by large scale redevelopment and major corporations increasing their presence or relocating. This redevelopment is also supporting greater diversity in employment opportunities for residents. Professional, business, education and health services comprise 35 percent of employment, with trade, transportation and utilities at 19 percent and manufacturing at 12 percent. The population level remains stable. Per capita income has had a steady increase over the years.

Strength in the economy is observed through increasing and strong credit ratings among the city of Detroit and tri-county area that covers the majority of GLWA's Member Partner communities. The respective ratings from Moody's (M), Standard & Poor's (S), and Fitch (F) are listed below along with the state of Michigan who provides significant levels of low-cost state revolving fund loans to GLWA.

- Oakland County Aaa/AAA/Not Rated (M/S/F)
- Macomb County Aa1/AA+/Not Rated (M/S/F)
- Wayne County A1/A+/AA (M/S/F)
- City of Detroit Baa2/BBB/Not Rated (M/S/F)
- State of Michigan Aa1/AA/AA+ (M/S/F)

**Water Residential Assistance Program**

While the economic metrics are strong, there will always be households in need throughout the service area. For this reason, the founding legal structure for GLWA provided that 0.5 percent of the base budgeted operating revenues be directed to funding the Water Residential Assistance Program ("WRAP"). For the year ended June 30, 2025, the funding level was $4.4 million. This program provides payment assistance and support services to address home repairs to assist eligible low-income residential households in our Member Partner communities. This means that qualified households can receive payment assistance, as well as take steps to sustainably reduce their bills in the future. The WRAP program is delivered through a network of governmental and nonprofit service delivery partners who can provide a wholistic approach to supporting households in need with other services.

**Budget Process**

GLWA has a rigorous budget process. Annually, a biennial budget and five-year plan are prepared concurrently. This process begins soon after the current fiscal year begins in July with the operating area budget managers. A financial plan update is provided to the Board at a workshop, that is held in October, where a operational, capital, economic, and financial briefings are presented. A preliminary budget is presented to the Audit Committee in December and then to the full Board in January. The preliminary budget and accompanying schedule of service charges are presented to Member Partners for comments during January and February. The final proposed biennial budget and five-year financial plan, as well as a five-year capital improvement plan ("CIP"), is presented to the Board during a public hearing in February. Once approved, the budget takes effect on July 1st.

The legal level of budgetary control is the budgeted revenue requirements categories that align with the charge setting process. Components of the revenue requirements are referred to as appropriation categories. The budget shall not be increased or decreased by appropriation category without prior Board authorization. The Board is provided a detailed budget by line item which supports the totals in each appropriation category at the time of budget approval. The Chief Financial Officer & Treasurer may exercise discretion to modify the detailed budget line items within each appropriation category.

The budget is prepared on a modified cash basis, and the revenue requirements are determined based upon the cash needed to meet the expenditures as required by the Master Bond Ordinances ("MBOs"). A budget to actual comparison is included in the Schedule of Revenue Requirements in the Supplementary Information. A crosswalk is provided in the Supplementary Information that provides a reconciliation between budget basis results in the Schedule of Revenue Requirements to the accrual basis results in the Statement of Revenues, Expenses and Changes in Net Position.

In preparation of the budget for FY 2025, GLWA adhered to the following Financial Plan Objectives that are discussed in detail in our budget document:

1. The 4% Promise - The lease agreements that established the regional authority demonstrated a commitment to affordability by codifying what is commonly referred to as the 4% Promise. This caveat established that the annual revenue requirement budget increases are limited to four percent through June 20, 2025;
2. Revenue Stability for the System – This is achieved by utilizing a charge model to provide revenue stability despite changes in climate conditions that vary from year to year without compromising water conservation objectives;
3. Managing Charge Stability for Our Member Partners – The goal is to adjust charges on a modest incremental basis systemwide to prevent unpredictable cost increases for our Member Partners in the future;
4. WRAP – This program is required to be funded at 0.5 percent of the base budgeted operating revenue;
5. Closed Loop Lease Payment – The regional system lease payments stay within the local, retail water and sewage disposal systems for the benefit of the DWSD;
6. Closed Legacy Benefit Plan Costs – GLWA's share of the required DWSD commitment for the Detroit General Retirement System closed plan is funded consistent with the terms of pension and lease agreements.

**Long-Term Financial Planning Aligns with Successful Debt Management**

GLWA regularly updates its 10-year financial forecast as a roadmap to achieve one of the organizational goals of a solid AA category rating, by meeting or exceeding rating agency criteria. This goal was reached with rating agency affirmation and upgrades issued in October 2023. Since the operational effective date of the Authority in 2016, Moody's Investor Services has increased the bond credit ratings six notches, and Standard & Poor's has increased the bond credit ratings three notches for both systems. Fitch Ratings has increased the bond credit ratings four notches for the water system and six notches for the sewage disposal system. More details on the credit ratings are described in the MD&A and in Note 12.

The path to achieve a solid AA credit rating is based upon rebalancing the mix of debt financing and revenue generated capital (also known as pay-as-you go) to fund the CIP. GLWA has delivered in effectively managing annual debt service needs with an effective debt refunding program.

During FY 2025, there was one debt refunding transaction, including a tender refunding, for both the water system and sewage disposal system. For the water system, the transactions resulted in future budgeted (gross) cash flow savings of $33.7 million which resulted in a net present value economic gain of $27.1 million. For the sewage disposal system, the transaction resulted in future budgeted (gross) cash flow savings of $43.6 million which resulted in a net present value economic gain of $34.4 million. Since GLWA's operational inception in 2016 through June 2025, refunding transactions have reduced debt reserve requirements of $139.9 million and future budgeted cash flow by $973.8 million resulting in a net present value economic gain of $607.7 million. These savings have a material impact on GLWA's ability to keep the annual revenue requirement adjustments and related charge adjustments at an amount well below the consumer price index.

This financial achievement demonstrates the strength, stability, and best-in-class performance that the regional stakeholders and leadership team envisioned when the concept of a regional authority emerged in 2014. Further, we believe that our transparency and accessibility in addressing questions from rating agencies, as well as investors, contributed to successful outcomes in uncertain times.

## Major Initiatives

If there is one word that would describe the driver of GLWA's major initiatives across all operating areas, it would be resiliency. Changing climate, aging infrastructure, constrained workforce, pace of technology advancements, regulatory requirements, and rapid cost increases shape our very focused efforts to make sure that GLWA can anticipate, withstand, recover from, and adapt to changing and unforeseen conditions to ensure the delivery of water of unquestionable quality and superior environmental stewardship. These major initiatives highlight our multifaceted approach to resiliency.

*Linear System Integrity Program*

GLWA is taking action to enhance system and operational resiliency. One example is the Linear System Integrity Program (LSIP). This program uses innovative technology to support the regional system's capacity to deliver drinking water and collect wastewater data. Using innovative technology such as electromagnetic and acoustical devices that can be inserted into drinking water transmission mains with minimal disruption and allow the utility to target its efforts to proactively intervene to prevent main breaks. This allows GLWA to better target specific assets that must be either repaired or replaced.

As part of the LSIP, a risk framework was developed to guide GLWA in making decisions about which pipelines should be candidates for renewal, replacement, or decommissioning. The risk factors include likelihood of failure and consequence of failure to assign an overall risk and prioritization. At a recent Board workshop, the "Water Transmission Main Renewal Strategy" concept was rolled out. Driven by the LSIP's findings that 16 percent of GLWA's mains are currently beyond their useful life (and more are continuing to age) as well as another 16 percent are candidates from decommissioning. The cost of carrying out the LSIP strategy is significant. While efforts continue to shape and begin implementation of the LSIP strategy, there is also an effort underway to explore infrastructure funding strategies with stakeholders and policy makers. Impactful efforts to address the aging infrastructure go far beyond modest annual charge increases to needing a new source of funding.

*United States Army Corps of Engineers Partnership*

In September 2024, GLWA announced a partnership with the U.S. Army Corps of Engineers (USACE) to study flooding problems across southeast Michigan and formulate alternatives to help reduce flood risk. A study of this magnitude, and potential impact, is unprecedented in the state of Michigan. At the study's completion, a tentatively selected plan will be presented for consideration of further federal and non-federal funding to improve infrastructure and flood resiliency across the region.

The flood mitigation study has a projected cost of $3 million. USACE will contribute federal funding of $1.5 million. GLWA will be providing a 50/50 match towards this project with in-kind-services of

$1.5 million to complete the study. A summary of the project, public meeting materials, and project updates can be found at the Southeast Michigan Flood Risk Management Feasibility Study webpage.

*Proactive Capital improvement Plan*

As it relates to the Capital Improvement Program (CIP), the majority of the GLWA FY 2026–2030 five-year CIP is driven by optimizing the system and maintaining reliability. The Authority has a low level of regulatory mandated CIP projects. The water system calls for $1.1 billion of major capital expenditures over the next five fiscal years (2026-2030) and the wastewater (sewer) system calls for $1.3 billion of capital expenditures over the same period. The staff from Michigan Department of Environment, Great Lakes, and Energy ("EGLE") regularly engage with GLWA on capital project matters to ensure alignment and open dialog to achieve optimal results.

In addition to the extent of the CIP, GLWA has strengthened the delivery of the CIP with the publication of the Program Management Plan (PMP) in September 2024. This living document establishes the framework, business requirements, processes, and procedures for use by the CIP Delivery Team to achieve a consistent level of quality and predictable products, expectations, and outcomes across the CIP program and project delivery. These standard processes and procedures help to reduce delivery risks and provides a common delivery language, which helps build cohesive project teams and quality CIP projects. Along with the rollout of the manual, project management jobs were redesigned to align with the PMP framework.

*Investment in Information Technology Systems*

On January 1, 2024, the Workday Human Capital Management System (HCM) was launched which provides greater efficiency and effectiveness in providing service, training, and performance management across GLWA. Subsequently, the Workday Financial Management System (FINS) was successfully launched on July 1, 2024, with no interruption in service to vendors and team members. The companion system, Adaptive Insights, is being used to support budgeting, planning and reporting functions.

In November 2024, GLWA's new enterprise asset management system, NEXGEN, was launched. This transformational effort deployed tablets to all field and operational personnel and related support team members. All work orders are directly linked to an asset and provide much greater support to team members in the field and in the plants to repair and maintain assets.

Kahua, a project management information system that will be used for capital improvement planning and program and project management is now in the implementation stage. The anticipated in-service date for phase 1 is in 2026 and phase 2 in 2027.

*Professional Grants Management*

The Authority established a dedicated Grants Management Team to support subject matter experts across the organization in seeking, applying for, and administering grants. As recently reported to the Board, over $115 million in grants has been actively managed since FY 2020. This grant activity is in addition to a strong participation in the state revolving fund program with project submittals and awards on an annual basis.

*Building and Strengthening the Water Sector Talent Pool*

We continue to develop strategies to help ensure that we retain highly skilled team members and attract top talent in a tight employment market. GLWA is filled with a very talented group of professionals doing great things in and for the areas that we serve.

Our apprenticeship and internship programs are helping to build the next generations of water professionals. Our apprenticeship program is for positions that are challenging to recruit and fill such as water technicians, electrical instrument technicians, and maintenance technicians. In 2025 15 apprentices graduated from the following programs: 12 from the first class of the five-year Electrical Instrumentation Control Technician/Electrician apprenticeship; two from the Maintenance Technician Apprenticeship and one from the Water Technician Apprenticeship.

*Strong Vendor Engagement*

GLWA is fortunate in that it routinely receives multiple competitive responses on procurement solicitations. Vendor engagement is a top priority. One way that occurs is through vendor outreach events. The most recent in-person event was hosted in September 2025 with over 160 vendors in attendance. Vendors were provided with an in-depth overview of the solicitation cover, Business Inclusion and Diversity (B.I.D.) program requirements, insurance and bonding and the project scope for construction. They were also provided with information on specifications for products/services, how to build a team of subcontractors, GLWA's evaluation process, contract administration, the accounts payable process and vendor performance assessment.

GLWA publishes an annual procurement report which provides analysis, as well as the amount and number of purchase orders and contracts for each vendor, and quantity and dollar amount of invoices paid to each vendor. Not only does this report demonstrate the highest level of transparency in procurement, it also outlines the positive economic impact GLWA has on the service area and state. For FY 2025, 89 percent of GLWA's contract awards of $729 million were to Michigan based companies, with most of that amount being within GLWA's service area.

### *Member Partner Relations*

The One Water Partnership Agreement, between GLWA and its Member Partners, outlines the mutual commitments to working together for the greater good of the region, detailing the responsibilities of all parties and a commitment to a multi-jurisdictional, multi-agency approach to infrastructure renewal and investment. GLWA's collaborative relationship with its customers is foundational to its operations wherein GLWA works with its customers as Member Partners. In November 2024, the 2024 biennial Member Partner Outreach Scorecard was presented to the Board. The overall satisfaction level is steady at 90 percent with an increased response rate of 40 percent. Many scores increased with communication, the Member Partner Outreach program, GLWA's responsive and knowledgeable team members, and water quality as key strengths. Not surprisingly, there are shared concerns related to increasing system costs as well as an interest in better understanding charges.

## FY 2025 Financial Results

Most important to our Member Partners are the Authority's budget results. The Schedule of Revenue Requirements Budget to Actual in the Supplementary Information provides an overall view of the financial results for FY 2025.

The bottom-line revenue requirement result based on the *budget basis that is utilized to prepare Member Partner charges* is that the water operations ended the year with a $13 million positive variance after meeting all of the revenue requirements. The sewage disposal operations ended the year with a positive variance of $6.1 million after meeting all of the revenue requirements. Positive variances are analyzed after year end. Depending on working capital requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year.

Wholesale charges for water operation were 98.7 percent of the adopted budget and 100 percent of the adopted budget for the sewage disposal operations.

A further discussion of FY 2025 results is presented in the MD&A. The MD&A provides further analysis of the water and sewage disposal systems individually in addition to GLWA overall.

**Solid Foundation for Sustainability**

GLWA is committed to ensuring the long-term sustainability of the regional water supply and sewage disposal systems – we do this by recognizing that near-term actions have long-term impacts.

*Stable Revenues with Modest Charge Adjustments* - GLWA balances steady and controlled Operations and Management budget requests for the short-term, while continuing to focus on increasing cash reserves for capital investment and controlling long-term financial commitments. This provides stability in the cost of supply for our Member Partners (See Schedule 3 in the Statistical Section which provides the history of charge adjustments). The water and sewer regional system charge structure, developed collaboratively with Member Partners, supports a high degree of financial stability. The regional water supply system revenues are set using a methodology with a basis of 60 percent fixed monthly charge and 40 percent commodity consumption using a 36-months historical average usage. The regional sewage disposal system charge revenue methodology is designed to recover 100 percent with a fixed monthly billing based on each Member Partner's share of the annual forecasted revenue requirement. The sewage disposal charges updated the core methodology to the SHARES calculation effective with the FY 2022 service charges, which embraces simplicity and replaces the strength of flow with an appropriate weighting on sanitary volumes. This simplified sewer charge methodology was developed by GLWA team members, advisors, and Member Partners.

*Strong Bondholder Protections* - All payments to GLWA and DWSD for services provided are deposited to Bond Trustee Accounts and are disbursed in accordance with the MBO flow of funds.

*Defined Contribution Benefit Plans* - All employee benefit plans are defined contribution which provide shorter term vesting and flexibility for the employee while creating zero risk on unfunded liabilities for GLWA.

**Awards**

*Government Finance Officers Association Distinguished Budget Presentation Award* – The Government Finance Officers Association of the United States and Canada ("GFOA") presented a Distinguished Budget Presentation Award to Great Lakes Water Authority, Michigan, for its Biennial Budget for the biennium beginning July 1, 2025. This was the Authority's seventh year receiving the award. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

*Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting* - GFOA has awarded the Certificate of Achievement for Excellence in Financial Reporting to Great Lakes Water Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2024, for the sixth year in a row. The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report. The Certificate of Achievement is the highest form of recognition, in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

**Acknowledgements**

The positive financial results presented in the annual comprehensive financial report is the demonstration of the commitment that each GLWA team member has to accountability for the resources we are given. In addition, a special acknowledgement is in order for the members of the Financial Services Area – who consistently excel in delivering quality, transparent financial reporting all year in addition to this annual comprehensive financial report. This accomplishment is especially noteworthy in a year when that team was also working on multiple system implementations yet met or exceeded deadlines in bringing the prior fiscal year to a close.

**Collaboration is at the Core of a Successful Regional Water Authority**

When we say "our" system, it is "our" system that we mutually support and foster in collaboration with our Member Partners, team members, vendor community, Board of Directors, other stakeholders, and the public at-large. Now, more than ever, thank you for your continued engagement.

Suzanne R. Coffey
Suzanne R. Coffey, P.E.
Chief Executive Officer

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

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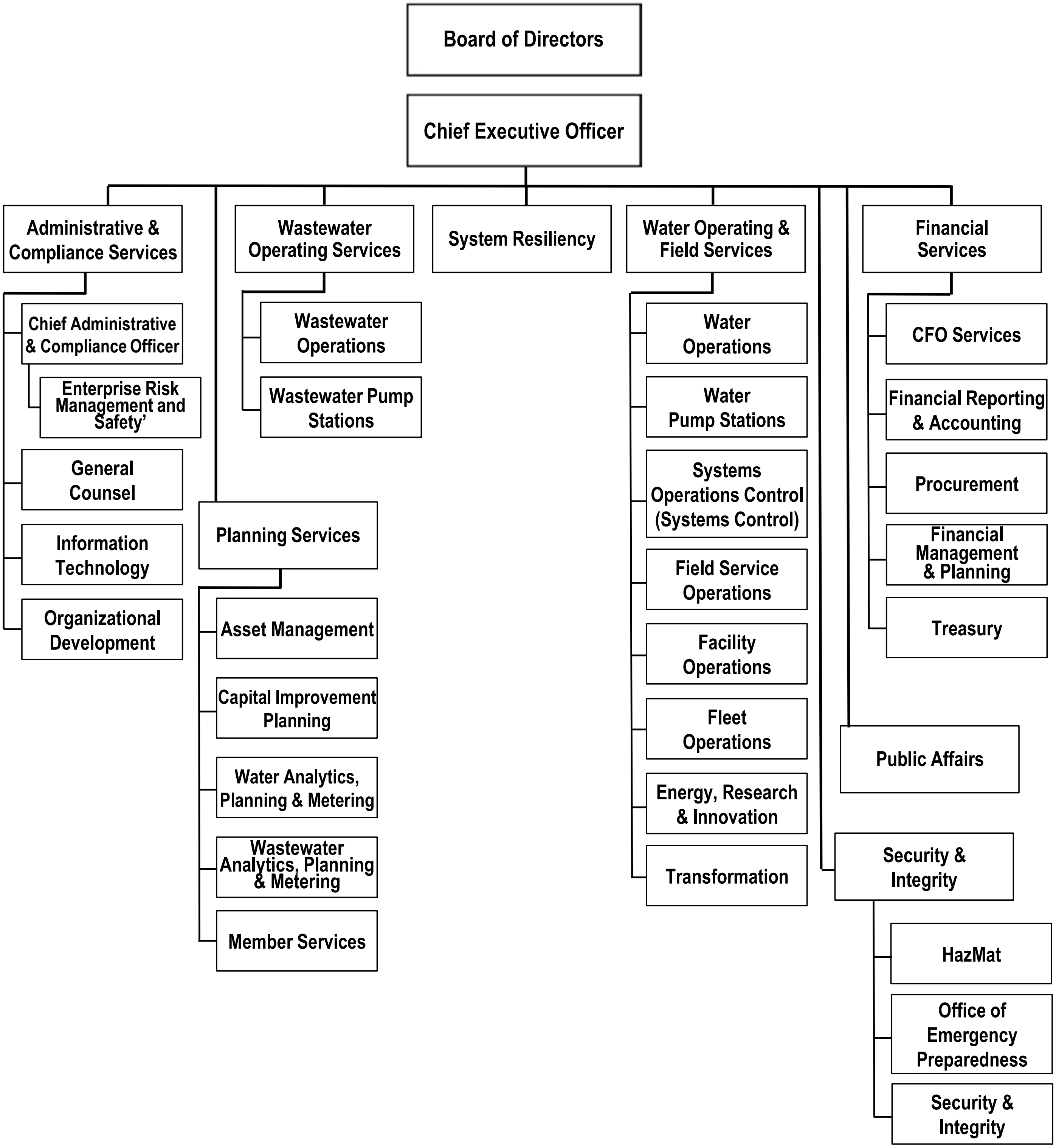
# Organizational Line of Reporting Chart



## Great Lakes Water Authority Board of Directors as of June 30, 2025

Mark Miller .................................................... GLWA Board Chair; Representative for the State of Michigan

John J. Zech ............................ GLWA Board Vice-Chair; GLWA Board Representative for Wayne County

Jaye Quadrozzi ............................................ GLWA Board Secretary; Representative for Oakland County

Brian Baker ................................................................ GLWA Board Representative for Macomb County

Gary A. Brown. ............................................................ GLWA Board Representative for the City of Detroit

Freman Hendrix ............................................................ GLWA Board Representative for the City of Detroit

## Great Lakes Water Authority Executive Leadership Team as of June 30, 2025

Suzanne R. Coffey, P.E. ........................................................................................ Chief Executive Officer

William M. Wolfson * .................................................................................. Deputy Chief Executive Officer

Nicolette N. Bateson, CPA ...................................... Chief Financial Officer/Treasurer - Financial Services

Cheryl D. Porter ......................................................... Chief Operating Officer – Water Operating Services

Navid Mehram, P.E. ......................................... Chief Operating Officer – Wastewater Operating Services

Jody Caldwell, P.E. ........................................................................................................ Chief Planning Officer

Jeffrey E. Small ............................................................................................................ Chief Information Officer

W. Barnett Jones ..................................................................................... Chief Security & Integrity Officer

David W. Jones ................................................................................................................... General Counsel

Michelle A. Zdrodowski .................................................................................... Chief Public Affairs Officer

Jordie Kramer .............................................................................. Chief Organizational Development Officer

Todd King ................................................................................................................. Chief Resiliency Officer

* Effective November 12, 2025, William Wolfson added Interim General Counsel to his responsibility due to the departure of David Jones. He will retain that responsibility until the General Counsel position is filled.

## Our Mission

To exceed our member partners' expectations by utilizing best practices in the treatment and transmission of water and wastewater, while promoting healthy communities and economic growth.

## Our Vision

Through regional collaboration, GLWA strives to be the provider of choice, dedicated to efficiently delivering the nation's best water and sewer services in partnership with our member partners.

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Great Lakes Water Authority**
**Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

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# FINANCIAL SECTION

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# Independent Auditors' Report

To the Board of Directors of
Great Lakes Water Authority

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the business-type activities, and each major fund of the Great Lakes Water Authority (the Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the Authority as of June 30, 2025 and the respective changes in the financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards).* Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information, the introductory section and statistical section, of the annual comprehensive financial report (annual report). The other information comprises the other information included in the annual report but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Report on Summarized Comparative Information***

We have previously audited the Authority's 2024 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities, and each major fund in our report dated December 11, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
December 10, 2025

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# MANAGEMENT’S DISCUSSION AND ANALYSIS

**June 30, 2025**

The management of the Great Lakes Water Authority (GLWA or Authority) presents this discussion and analysis of GLWA's financial position and changes in financial position as of and for the fiscal year ended June 30, 2025. Information in condensed format compares the fiscal year ended June 30, 2025 to the fiscal year ended June 30, 2024. Comparison analysis is also provided for the fiscal year ended June 30, 2024 to the fiscal year ended June 30,2023. The Management's Discussion and Analysis (MD&A) should be read in conjunction with GLWA's basic financial statements and the related notes to the financial statements in addition to the transmittal letter provided in this report.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements are comprised of the following:

The *statement of net position* presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position.

The *statement of revenues, expenses and changes in net position* presents information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods.

The *statement of cash flows* provides information about the Authority's cash receipts, cash payments and net changes in cash and cash equivalents resulting from operating, investing and capital and non-capital financing activities for the fiscal year.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements. Those schedules provide additional financial, budgetary, statistical, trend, and economic information that may be helpful to the readers of these financial statements.

A combining statement for the water fund and for the sewage disposal fund are provided in the supplementary financial information. Each of these major funds consists of three funds that align with the Authority's strategic and budgetary focus of managing capital investment for both the Regional Water System and Regional Sewage Disposal System: 1) operations (low capital investment), 2) improvement and extension (moderate capital investment and financial mechanism to lower borrowings and the related cost of capital over the long term), and 3) construction (high capital investment). Separate water and sewage disposal funds are required by the Master Bond Ordinances (MBO) and a separate credit rating is established for each system. Services provided to the member partner communities by each system are separate and distinct (although service areas may geographically overlap).

**Financial Summary**

Summaries of the basic financial statements and related commentaries are presented below. The tables presented in the MD&A may not foot as they are displayed in thousands. The totals are based on the underlying data in the table.

**Net Position (Deficit)**

Net position is defined by the 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. Deferred inflows and deferred outflows generally relate to financing activity and GLWA's share of the GRS pension obligation.

| | Net Position ($000) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Assets | | | | | | | |
| Current assets | $ 851,153 | $ 789,255 | $ 735,531 | $ 61,898 | 7.8% | $ 53,724 | 7.3% |
| Restricted assets | 890,454 | 770,716 | 648,202 | 119,738 | 15.5% | 122,513 | 18.9% |
| Capital assets | 4,604,326 | 4,480,135 | 4,408,642 | 124,191 | 2.8% | 71,493 | 1.6% |
| Other noncurrent assets | 853,665 | 891,416 | 939,193 | (37,751) | -4.2% | (47,777) | -5.1% |
| Total assets | 7,199,598 | 6,931,521 | 6,731,569 | 268,077 | 3.9% | 199,952 | 3.0% |
| Deferred outflows of resources | 71,631 | 89,954 | 181,672 | (18,323) | -20.4% | (91,718) | -50.5% |
| Liabilities | | | | | | | |
| Current liabilities | 601,695 | 602,464 | 457,377 | (769) | -0.1% | 145,087 | 31.7% |
| Long-term debt | 5,655,948 | 5,556,630 | 5,633,439 | 99,318 | 1.8% | (76,809) | -1.4% |
| Net pension liability | 29,537 | 37,046 | 63,175 | (7,509) | -20.3% | (26,129) | -41.4% |
| Other liabilities | 868,947 | 882,396 | 909,506 | (13,449) | -1.5% | (27,110) | -3.0% |
| Total liabilities | 7,156,128 | 7,078,536 | 7,063,496 | 77,592 | 1.1% | 15,040 | 0.2% |
| Deferred inflows of resources | 179,444 | 133,364 | 81,327 | 46,080 | 34.6% | 52,037 | 64.0% |
| Net position (deficit) | | | | | | | |
| Net investment in capital assets | (355,298) | (428,662) | (336,553) | 73,364 | 17.1% | (92,109) | -27.4% |
| Restricted for construction | 2,328 | 2,258 | 2,181 | 70 | 3.1% | 77 | 3.5% |
| Restricted for debt service | 203,653 | 213,674 | 147,436 | (10,021) | -4.7% | 66,238 | 44.9% |
| Restricted for payment assistance program | 2,306 | 1,716 | 4,653 | 590 | 34.4% | (2,936) | -63.1% |
| Unrestricted | 82,669 | 20,589 | (49,299) | 62,080 | -301.5% | 69,888 | 141.8% |
| Total net position (deficit) | $ (64,342) | $ (190,425) | $ (231,582) | $ 126,082 | 66.2% | $ 41,157 | 17.8% |

In total, GLWA ended June 30,2025 with a $64.3 million net deficit. This represents the net deficit for the water fund of $76.3 million and a net position of $12 million for the sewage disposal fund. The net deficit as of June 30, 2024 was $190.4 million. This is the combined net deficit of $111.1 million for the water fund and $79.3 million for the sewage disposal fund. The improvement in the net position for the year ended June 30, 2025 of $126.1 million was due to a $34.8 increase in the water fund and a $91.3 million increase in the sewer fund. These amounts are reported in the Statement of Revenues, Expenses, and Changes in Net Position.

There are three general components of a net position, further discussed below, which could contribute to a deficit: 1) net investment in capital assets; 2) restricted (non-capital assets whose use is restricted less the related liabilities); and 3) unrestricted (any portion of net position not already classified in the first two categories listed). The ending net position (deficit) is the prior year's ending balance plus or minus activity for the year.

*Net investment in capital assets* is computed as the capital assets acquired (net of depreciation and amortization) less the debt incurred to acquire those assets. The balance for 2025 was a deficit balance of $355.3 million and the balance for 2024 was a deficit balance of $428.7 million. A unique historical driver of this deficit is the accounting requirement for the start-up of GLWA on January 1, 2016, pursuant to GASB Statement No. 69, Government Combinations and Disposals of Government Operations. GASB 69 requires that government acquisitions measurement of assets acquired and liabilities assumed be based upon their acquisition values (market-based). The acquisition values were determined by an appraiser for the capital assets and a financial advisor for the debt. The GASB 69 adjustment related to the debt was not significant. The GASB 69 adjustment related to capital assets resulted in a significant increase in the book value of capital assets of $1.6 billion which, in turn, has increased annual depreciation expense over the remaining life of the asset. Over time, the valuation impact will diminish. The improvement of $73.4 million in 2025 was mainly due to capital additions being larger than depreciation and the change in the debt. The decrease of $92.1 million in 2024 was mainly a result of depreciation expense and the change in the debt being more than the capital additions.

*Restricted Net Position* for construction relates to a capital contribution received during the prior year that is to be used for a future capital project. The total amount restricted at June 30, 2025 and 2024 was $2.3 million.

*Restricted Net Position* for debt service represents amounts that are required by the related MBO or other third-party agreements to be used for the repayment of debt. The MBO requires funds to be set aside monthly for debt service so that the funds are available when the debt service payments are due. Changes in this category can be related to a change in the debt reserve requirement or in the amount of funds being set aside. During 2024 the debt reserve requirement set to zero. The total amount restricted at June 30, 2025 was $203.7 million and the amount at June 30, 2024 was $213.7 million. The change in 2025 and 2024 are mainly related to a change in the debt service requirements.

*Restricted Net Position* for payment assistance program represents WRAP funds that have not been spent by the service delivery partners who disburse the funds to those who meet the qualifications for assistance. Service delivery partners submit monthly statements of expenditures outlining commitments made to clients qualifying for assistance. Funds are disbursed upon review of the monthly statements of expenditure and funds available by service area. Amounts will vary year to year depending on timing of the expenditures. The decrease in 2024 is a result of modifications to the WRAP program and was expected due to increased outreach and participation.

*Unrestricted net* position is generally defined as the net result of the other components of total net position. The unrestricted net position is $82.7 million as of June 30, 2025 and $20.6 million as of June 30, 2024. The unrestricted account activities contributed to an increase in unrestricted net position in 2025 and in 2024 of $62.1 million and $69.9 million, respectively.

***GLWA Water Resource Recovery Facility***

### Changes in Net Position

The following is a comparative summary of the business-type activities changes in net position for the last three years.

| | Changes in Net Position ($000) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Operating revenues | $ 884,068 | $ 835,531 | $ 845,686 | $ 48,537 | 5.8% | $ (10,155) | -1.2% |
| Operating expenses | 651,379 | 646,638 | 660,786 | 4,742 | 0.7% | (14,149) | -2.1% |
| Operating income | 232,689 | 188,893 | 184,900 | 43,795 | 23.2% | 3,993 | 2.2% |
| Nonoperating revenues (expenses) | (147,300) | (188,168) | (199,359) | (40,869) | -21.7% | (11,191) | -5.6% |
| Income (loss) before capital contributions | 85,389 | 725 | (14,459) | 84,664 | -11677.7% | 15,184 | 105.0% |
| Capital contributions | 40,693 | 40,432 | 2,176 | 261 | 0.6% | 38,256 | 1758.1% |
| Change in net position | 126,082 | 41,157 | (12,283) | 84,925 | -206.3% | 53,440 | 435.1% |
| Net position (deficit), beginning of year | (190,425) | (231,582) | (219,299) | 41,157 | 17.8% | (12,283) | -5.6% |
| Net position (deficit), end of year | $ (64,342) | $ (190,425) | $ (231,582) | $126,082 | 66.2% | $ 41,157 | 17.8% |

Net position increased $126.1 million in 2025 which is an improvement of $84.9 million when compared to 2024. This is mostly attributed to an increase in operating revenue of $48.5 million and a decrease in nonoperating expense of $40.9 million. The decrease in nonoperating expense is a mainly due to a decrease in amortization of debt cost and cost of issuances of $30.1 million. The decrease in the amortization of debt costs are a result of the debt refunding transactions that occurred during fiscal year 2024.

Following is a detailed discussion of the significant changes by each service area. The discussion starts with the Centralized Services and Administrative Services costs. These service areas serve both the water and sewage disposal system are allocated to the Water Fund and the Sewage Disposal Fund based upon a monthly analysis.  We begin with discussing the centralized and administrative costs because the explanations impact both the Water Fund and Sewage Disposal Fund variances. The tables provide an analysis of operating expenses and the change in the costs allocated to the Water Fund and the Sewage Disposal Fund. Following this discussion is the Water Fund and Sewage Disposal Fund analysis.

***GLWA Hubbell-Southfield Facility***

*Centralized Services and Administrative Services*

The following table summarizes the activity for centralized services and administrative services. This table is net of the GASB Statement No. 87, Leases and GASB Statement No. 96, Subscription-Based Information Technology Arrangements adjustments used for financial reporting purposes to comply with general accepted accounting principles. Each fund must pay for the total costs incurred before the GASB adjustments. The allocation to each fund of centralized and administrative services before the GASB adjustments are shown in Note 1.

| Centralized and Administrative Services ($000) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | | | Change 2024 vs 2023 | | | | |
| | | | | | | Variance Allocation | | | | Variance Allocation | | |
| | 2025 | 2024 | 2023 | Amount | Percent | Water | Sewer | Amount | Percent | Water | Sewer |
| Centralized Services | | | | | | | | | | | |
| Personnel | $ 40,145 | $ 37,475 | $ 33,708 | $ 2,670 | 7.1% | $ 1,436 | $ 1,234 | $ 3,767 | 11.2% | $ 1,646 | $ 2,121 |
| Contractual Services | 64,824 | 57,897 | 54,652 | 6,927 | 12.0% | 4,778 | 2,149 | 3,245 | 5.9% | (1,016) | 4,261 |
| Utilities | 243 | 184 | 170 | 59 | 32.1% | 31 | 28 | 14 | 8.2% | 7 | 7 |
| Supplies and other expenses | 15,129 | 11,838 | 10,797 | 3,291 | 27.8% | 3,151 | 141 | 1,041 | 9.6% | 517 | 525 |
| Total Centralized Services | $120,341 | $107,394 | $ 99,327 | $12,947 | | $ 9,396 | $ 3,552 | $ 8,067 | | $ 1,154 | $ 6,914 |
| Administrative Services | | | | | | | | | | | |
| Personnel | $ 23,335 | $ 21,821 | $ 19,429 | $ 1,514 | 6.9% | $ 757 | $ 757 | $ 2,392 | 12.3% | $ 1,196 | $ 1,196 |
| Contractual Services | 14,326 | 12,671 | 13,741 | 1,655 | 13.1% | (380) | 2,035 | (1,070) | -7.8% | 1,562 | (2,632) |
| Utilities | 154 | 152 | 160 | 1 | 0.7% | 1 | 1 | (8) | -5.0% | (4) | (4) |
| Supplies and other expenses | 1,655 | 1,854 | 1,510 | (200) | -10.8% | (24) | (176) | 345 | 22.8% | 86 | 259 |
| Total Administrative Services | $ 39,470 | $ 36,498 | $ 34,840 | $ 2,970 | | $ 354 | $ 2,617 | $ 1,659 | | $ 2,840 | $ (1,181) |

Centralized services personnel costs increased $2.7 million in 2025. This increase is due to the filing of twelve vacant positions for security personnel and control systems support as well as a mid-year pay adjustment. Centralized services personnel costs increased $3.8 million in 2024. This increase is due to filling vacant positions and increased positions to support new critical initiatives such as the linear system inspection program (LSIP) and the hiring of the capital improvement plan (CIP) team members for work which was previously performed by contractors.

Administrative personnel costs increased $1.5 million in 2025. This increase is due to the filing of two vacant positions (one in both Organizational Development and Financial Services), as well as mid-year adjustment affecting both wages and benefits. Administrative personnel costs increased $2.4 million in 2024. This increase is mostly due to filling vacant positions and supporting newer initiatives such as grant management.

Contractual services include field services contracts for timely repairs to minimize and address disruption in service, technology related services for both operational and enterprise data networks, and outsourcing of janitorial, fleet, and other functions.

Centralized contractual services increased $6.9 million in 2025, mainly due to the following.

- Increase of $5.5 million in costs for maintenance of facilities shared with the Detroit Water and Sewerage Department ($4.3 million) and elevator maintenance ($1.2 million).
- Increase of $0.8 million for professional staff augmentation in support of an electrician apprenticeship program.
- Increase of $0.5 million for continued coordination of research projects with local universities.
- Decrease of $0.9 million in Capital Improvement Planning due to reduced use of outside contractors for CIP development.

Centralized contractual services increased $3.2 million in 2024. The major variances are provided below.

- Increase of $1.5 million in telecom service fees due to the renewal of the AT&T contract services.
- Increase of $1.0 million in shared service net credits received in FY 2023 not repeated in FY 2024.
- Increase of $1.2 million due to electrician services and low voltage wiring task order services through the Lakeshore Global Corporation contract.
- Increase of $1.4 million for debris removal that is an operations and maintenance costs related to the project of the rehabilitation of the northwest interceptor from 8 Mile to Tireman.
- Decrease of $0.7 million in emergency repairs of linear assets.
- Decrease of $1.0 million in linear system integrity project activity.

Administrative contractual services increased $1.7 million in 2025. The major variances are provided below.

- Increase of $0.9 million in premium for insurance policies and policy agreements.
- Increase of $0.8 million in the Financial Services Area for contracts supporting the implementation of the new ERP system.

Administrative contractual services decreased $1.1 million in 2024 mainly due to the following.

- Decrease of $2.6 million in legal related to reduction in claims and the close out of the investigation consultants for the 2021 rain events.
- Increase of $1.5 million in due to an increase in insurance premiums.

Centralized supplies and other expenses increased in 2025 by $3.3 million. The major variances are provided below.

- Increase of $3.0 million for costs associated with a significant water main break.
- Increase of $0.5 million due to increased cost for off-site data storage and recovery services.
- Decrease of $0.2 million in costs associated with the purchase of tablets in 2024 in preparation for implementation of the Enterprise Asset Management (EAM) system.

Centralized supplies and other expenses increased in 2024 by $1.0 million. The major variances are detailed below.

- Increase in capital outlay of $0.7 million in the Information Technology department for equipment related to the software implementation projects.
- Increase in software costs of $0.2 million mostly related to software updates and cyber security enhancements

***GLWA Water Works Park Water Treatment Facility***

*Water Fund*

| Water Fund Changes in Net Position ($000) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | Percentage of Operating Revenue | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Wholesale charges | $ 348,976 | 92.7% | $ 337,511 | $ 340,594 | $ 11,465 | 3.4% | $ (3,083) | -0.9% |
| Charges to local system | 27,095 | 7.2% | 25,537 | 22,834 | 1,558 | 6.1% | 2,703 | 11.8% |
| Bad debt recovery credit | - | 0.0% | (5,153) | - | 5,153 | 100.0% | (5,153) | -100.0% |
| Other revenues | 383 | 0.1% | 655 | 351 | (272) | -41.5% | 304 | 86.6% |
| Total operating revenues | 376,455 | 100.0% | 358,551 | 363,779 | 17,904 | 5.0% | (5,228) | -1.4% |
| Operating expenses | 274,020 | 72.8% | 272,350 | 285,219 | 1,670 | 0.6% | (12,869) | -4.5% |
| Operating Income | 102,434 | 27.2% | 86,201 | 78,560 | 16,234 | 18.8% | 7,641 | 9.7% |
| Nonoperating revenues (expenses) | (70,975) | -18.9% | (83,786) | (93,154) | 12,811 | 15.3% | 9,368 | 10.1% |
| Income (loss) before capital contributions | 31,459 | 8.4% | 2,415 | (14,594) | 29,044 | 1202.8% | 17,009 | 116.5% |
| Capital contributions | 3,349 | | 10,314 | - | (6,965) | -67.5% | 10,314 | 100.0% |
| Change in net position | 34,807 | | 12,729 | (14,594) | 22,079 | 173.5% | 27,323 | 187.2% |
| Net position (deficit), beginning of year | (111,131) | | (123,860) | (109,266) | 12,729 | 10.3% | (14,594) | -13.4% |
| Net position (deficit), end of year | $ (76,324) | | $ (111,131) | $ (123,860) | $ 34,807 | 31.3% | $ 12,729 | 10.3% |

The 2025 wholesale charges increase is mainly due to the board approved charge increase which averaged 3.0% for the wholesale charges. Although there was an average wholesale charge increase of 2.1% in 2024, the wholesale customer charges were less than expected due to a decrease in usage volume from the budgeted volume assumption. The bad debt recovery credit of $5.2 million was provided to wholesale customers and the local system in 2024 and is related to the Highland Park settlement.

The increase in the charges to the local system in 2025 and in 2024 were as expected based on the board approved charges.

Capital contributions relate to grants received for capital projects and will vary year to year as grants are awarded.

***GLWA Springwells Water Treatment Facility***

## Management's Discussion and Analysis

The following table outlines the Water Fund operating expenses.

| | Water Fund Operating Expenses ($000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | Percentage of Operating Expense | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Personnel | $ 57,470 | 21.0% | $ 52,363 | $ 46,916 | $ 5,106 | 9.8% | $ 5,447 | 11.6% |
| Contractual services | 55,173 | 20.1% | 49,221 | 50,198 | 5,952 | 12.1% | (977) | -1.9% |
| Utilities | 30,875 | 11.3% | 32,695 | 33,437 | (1,821) | -5.6% | (741) | -2.2% |
| Chemicals | 14,112 | 5.1% | 11,947 | 12,690 | 2,165 | 18.1% | (743) | -5.9% |
| Supplies and other | 16,513 | 6.0% | 11,584 | 11,926 | 4,929 | 42.5% | (342) | -2.9% |
| Total operating expenses before depreciation and amortization | 174,142 | 63.6% | 157,811 | 155,167 | 16,331 | 10.3% | 2,644 | 1.7% |
| Depreciation and amortization | 99,879 | 36.4% | 114,539 | 130,052 | (14,661) | -12.8% | (15,513) | -11.9% |
| Total Operating Expenses | $ 274,020 | 100.0% | $ 272,350 | $ 285,219 | $ 1,670 | 0.6% | $ (12,869) | -4.5% |

Operating expenses of $274.0 million represent 72.8 percent of total operating revenues. Depreciation and amortization are the larger category of expense at 36.4 percent of operating expense. Given the nature of GLWA's water operations, it is expected that personnel, contractual services, and utilities would represent the higher dollar amount.

The personnel cost allocations from both Centralized and Administrative charges increased $2.2 million for 2025 and $2.8 million in 2024. The remaining personnel increase of $2.9 million in 2025 is due to 21 vacant positions being filled and as well as promotions, market adjustments, merit increases and mid-year adjustment affecting both wages and benefits. The remaining increase of $2.6 million in 2024 is due to 15 vacant positions that were filled, as well as promotions, merit increases and a mid-year adjustment.

The increase in contractual services of $6 million in 2025 is a result of variances throughout various cost centers. The major variances are described below:

- Increase of $1.0 million for dredging of alum sludge at the water treatment plants. This varies by facility, by year, based on the turbidity (particulate matter) of the source water being treated.
- Increase of $0.9 million for HVAC at Water Works Park and Northeast water treatment plants.
- Increase of $4.4 million in the centralized and administrative services allocation.

The decrease in contractual services of $1 million in 2024 is a net result of variances throughout various cost centers. The major variances are listed below:

- Increase of $2.8 million in Springwells water plant contractual operating services due to an increase in mobile dredging activity and costs incurred for lead abatement (non-capital cost) in the medium voltage electric replacement construction project.
- Increase of $0.8 million in Northeast water plant contractual operating services due to an increase in mobile dredging activity and for lead abatement (non-capital cost) in the alum storage tanks construction project.
- Net increase of $0.5 million from the centralized and administrative services allocation.
- Decrease of $1.9 million in Southwest water plant contractual operating services due to a reduction in mobile dredging activity.
- Decrease of $1.2 million related to intergovernmental reimbursements which vary annually.
- Decrease of $1.0 million in Lake Huron water plant contractual operating expense primarily due to the timing of sludge removal activity.
- Decrease of $0.5 million in Water Works Park water plant contractual operating services primarily due to a reduction in as needed work and expense associated with a project that was unique to FY 2023.

## Management's Discussion and Analysis

The utilities cost decrease in 2025 was mainly related to a decrease in the electric Power Supply Cost Recovery (PSCR) factor of 78%. The utilities cost decrease in 2024 was mainly due less usage due to water demand decreases.

Chemical costs increased in 2025 due to compliance with new lead and copper rules for water treatment. The new rules required increased use orthophosphates for the Corrosion Control Program. Chemical costs decreased in 2024 due to a decrease in the amount of water produced because of a reduction in water usage by customers, as well as bulk chemical price stabilization and reductions.

Supplies and Other cost increased in 2025 by $4.9 million. Major variances, which total $4.7 million are listed below:

- Increase of $1.6 million for equipment reliability maintenance at the water treatment facilities ($1.1 million) and water booster stations ($0.5 million)
- Increase of $3.1 million allocated from centralized and administrative services.

The following table details the Water Fund nonoperating revenue and expenses:

| | Water Fund Nonoperating Revenue (Expenses) ($000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | Percentage of Nonoperating Expense | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Earnings (loss) on investments | $ 22,277 | -31.4% | $ 27,287 | $ 16,724 | $ (5,010) | -18.4% | $ 10,563 | 63.2% |
| Interest income on other receivables | 23,205 | -32.7% | 24,107 | 24,662 | (901) | -3.7% | (556) | -2.3% |
| Interest expense | (132,358) | 186.5% | (134,601) | (131,162) | 2,243 | 1.7% | (3,439) | -2.6% |
| Legacy pension recovery (expense) | (1,085) | 1.5% | (2,403) | 7,444 | 1,318 | 54.9% | (9,847) | -132.3% |
| Water Residential Assistance Program | (1,626) | 2.3% | (2,938) | (5,023) | 1,311 | 44.6% | 2,086 | 41.5% |
| Other | 18,611 | -26.2% | 4,762 | (5,798) | 13,849 | 290.9% | 10,560 | 182.1% |
| Total Nonoperating Revenue (Expenses) | $ (70,975) | 100.0% | $ (83,786) | $ (93,154) | $ 12,811 | 15.3% | $ 9,368 | 10.1% |

Earnings on investments decreased $5.0 million in 2025 and increased by $10.6 million in 2024. As a result of the short-term nature of the GLWA portfolio, it is heavily impacted by changes in the Fed Funds interest rate. Interest rates increased during fiscal year 2023 and remained steady through fiscal year 2024. Interest rates started to fall in fiscal year 2025.

Interest income on other receivables decreased for 2025 and 2024 as the balances are being paid down.

The decrease in interest expense in 2025 is a result of two bond refinancing transactions that occurred during fiscal year June 2024. The increase in 2024 is a result of the revenue bonds issued in December 2023. These increases were partially offset with refunding bonds in December 2023. Part of the increase is also related to an increase in state revolving fund loans.

The legacy pension expense decreased in 2025 and increased in 2024. This is a closed pension plan therefore increases and decreases are mainly related to the amount of investment earnings on the plan assets and expenses of the plan.

WRAP expenditures vary based on the timing of the assistance by the service delivery partner. Budget amounts are set annually for each service delivery partner. The amount of WRAP expenditure in 2025 was 87% of the amount set aside during the year for WRAP. The WRAP expenditures in 2024 are as expected, even though they are a decrease from 2023. There was an increase in 2023 related to modifications in the WRAP program that increased participation.

Other revenue (expense) had a positive increase in fiscal year 2025 of $13.85 million mainly due to a positive increase of $11.6 million in the amortization of debt related items. The largest of which is the increase in amortization of bond premium ($3 million) and decrease in amortization of insurance on debt ($6 million) related to the release of reserves in 2024. The positive increase in fiscal year 2024 of $10.6 million is due the effect of a unique capital program adjustment in 2023 of a discontinued capital project. This caused the other line item to be an expense versus income in 2023. That expense is mostly offset by a decrease in income related to the amortization of debt related items of $7.5 million and losses on the disposal of assets of $2.7 million.

*Sewage Disposal Fund*

| | Sewage Disposal Fund Changes in Net Position ($000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | Percentage of Operating Revenue | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Wholesale charges | $ 287,691 | 56.7% | $ 282,767 | $ 275,918 | $ 4,924 | 1.7% | $ 6,850 | 2.5% |
| Charges to local system | 205,925 | 40.6% | 196,570 | 191,042 | 9,355 | 4.8% | 5,527 | 2.9% |
| Industrial waste charges | 8,849 | 1.7% | 8,617 | 8,393 | 232 | 2.7% | 224 | 2.7% |
| Pollutant surcharges | 4,584 | 0.9% | 4,089 | 4,895 | 495 | 12.1% | (806) | -16.5% |
| Bad debt recovery credit | - | 0.0% | (15,557) | - | 15,557 | 100.0% | (15,557) | -100.0% |
| Other revenues | 565 | 0.1% | 494 | 1,660 | 70 | 14.2% | (1,166) | -70.2% |
| Total operating revenues | 507,614 | 100.0% | 476,980 | 481,907 | 30,633 | 6.4% | (4,927) | -1.0% |
| Operating expenses | 377,359 | 74.3% | 374,287 | 375,567 | 3,071 | 0.8% | (1,279) | -0.3% |
| Operating Income | 130,255 | 25.7% | 102,693 | 106,341 | 27,562 | 26.8% | (3,648) | -3.4% |
| Nonoperating revenues (expenses) | (76,324) | -15.0% | (104,382) | (106,206) | 28,058 | 26.9% | 1,823 | 1.7% |
| Income (loss) before capital contributions | 53,931 | 10.6% | (1,690) | 135 | 55,620 | 3291.8% | (1,825) | -1350.6% |
| Capital contributions | 37,344 | 7.4% | 30,118 | 2,176 | 7,226 | 24.0% | 27,942 | 1284.1% |
| Change in net position | 91,275 | 18.0% | 28,429 | 2,311 | 62,846 | 221.1% | 26,118 | 1130.1% |
| Net position (deficit), beginning of year | (79,294) | | (107,722) | (110,033) | 28,429 | 26.4% | 2,311 | 2.1% |
| Net position (deficit), end of year | $ 11,981 | | $ (79,294) | $ (107,722) | $ 91,275 | 115.1% | $ 28,429 | 26.4% |

The 2025 wholesale charges increase is mainly due to the board approved charge increase which averaged 3.0% for the wholesale charges Operating revenues are primarily from wholesale sewer charges of $287.7 million (56.7 percent of Sewage Disposal Fund revenues). Wholesale charges increased by $4.9 million in 2025.

The charges to local system increases in 2025 and 2024 were as expected based on the adopted budget and the calculation of charges.

## Management's Discussion and Analysis

Industrial waste charges and pollutant surcharges represent 2.6 percent of operating revenue which are charged to non-residential users.

Capital contributions vary year by year. The capital contributions in 2025 are from grants of $15 million and an OMIDD capital asset turnovers of $22 million. The majority of the 2024 increase is related to capital contributions related to grants received for capital projects.

The following table details the Sewage Disposal Fund operating expenses.

| | Sewage Disposal Fund Operating Expenses ($000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | Percentage of Operating Expense | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Personnel | $ 75,500 | 20.0% | $ 69,507 | $ 64,904 | $ 5,992 | 8.6% | $ 4,603 | 7.1% |
| Contractual services | 68,614 | 18.2% | 60,558 | 62,414 | 8,056 | 13.3% | (1,856) | -3.0% |
| Utilities | 36,184 | 9.6% | 39,243 | 43,840 | (3,059) | -7.8% | (4,597) | -10.5% |
| Chemicals | 20,273 | 5.4% | 19,128 | 17,852 | 1,145 | 6.0% | 1,276 | 7.1% |
| Supplies and other | 27,405 | 7.3% | 30,510 | 22,646 | (3,105) | -10.2% | 7,864 | 34.7% |
| Total operating expenses before depreciation and amortization | 227,976 | 60.4% | 218,946 | 211,656 | 9,030 | 4.1% | 7,290 | 3.4% |
| Depreciation and amortization | 149,383 | 39.6% | 155,341 | 163,911 | (5,958) | -3.8% | (8,569) | -5.2% |
| Total Operating Expenses | $ 377,359 | 100.0% | $ 374,287 | $ 375,567 | $ 3,071 | 0.8% | $ (1,279) | -0.3% |

Operating expenses of $377.6 million represent 74.3 percent of total operating revenue which consists primarily of depreciation and amortization expense and operations and maintenance activities. Depreciation and amortization are the larger category of expense at 39.6 percent of operating expense. Given the nature of GLWA's wastewater operations, it is expected that personnel, contractual services, and utilities would represent the higher dollar amount.

Personnel costs increased $6 million in 2025 and $4.6 million in 2024. The personnel cost allocations from both Centralized and Administrative charges increase $2 million for 2025 and $3.3 million for 2024. The remaining increase of $2.6 million in 2025 is due to 20 vacant positions filled and as well as promotions, market adjustments, merit increases and mid-year adjustment affecting both wages and benefits. The remaining increase of $1.3 million in 2024 is due to personnel cost increase related to 20 vacant positions that were filled as well as merit increases.

Contractual services include operation and management of the Biosolids Dryer Facility (BDF), timely repairs for the Water Resources Recovery Facility (WRRF), staff augmentation for operations, technology related services for both operational and enterprise data networks, and outsourcing of janitorial, fleet, and other functions. Contractual services increased by $8.1 million in 2025. The major variances are detailed below:

- Increase of $1.7 million for specialized staff augmentation and related services.
- Increase of $2.3 million related to an organization wide controls and cyber security system upgrade.
- Increase of $4.2 million from centralized and administrative services allocation

Contractual services decreased $1.9 million in 2024 which is mainly due to the following:

- Increase of $1.6 million in the centralized services and administrative services allocation.
- Increase of $1.4 million related to increased unit costs per ton for sludge disposal costs.
- Decrease of $5.0 million due to the following.
  - $0.8 million related to a contract that became a capitalizable expenditure.
  - $1.2 million decrease in contractual services cost related to the wind down of the planning

phase for the Combined Sewer Overflow (CSO) long-term control program.
  - $1.0 million decrease related to the decreased contractual services to support capital improvement plan development work. These costs are now accounted for through the centralized services allocation.
  - $1.5 million related to other contractual services that were completed in 2023.
  - $0.5 million related to a decrease in the usage of Water Resource Recovery Facility (WRRF) facilities maintenance services.

Utilities decreased $3.1 million in 2025 mainly due to the following.
- Electric - Decrease of $0.8 million was primarily the result of a reduction in the Power Supply Cost Recovery (PSCR) factor.
- Gas - Increase of $0.2 million mainly due to change in the cost per MMBtu during the year.
- Water - Decrease of $2.1 million due three factors. An accrual for a back billing true-up was included in 2024 ($1.0 million), Operational control of water use at the Water Resource Recovery Facility and CSOs ($1.0 million), and significant leak was repaired at a CSO facility($0.1 million)
- Sewage - Decrease of $0.4 million due to reduced use at the WRRF and CSO facilities

Utilities decreased $4.6 million in 2024 mainly due to the following.
- Electric – Increase of $1.8 million mainly due to an increase in unit cost per kilowatt.
- Gas – Decrease of $3.3 million mainly due to the reduced unit cost per (MMbtu) which peaked in FY 2023.
- Water – Decrease of $2.6 million due to 2023 being higher due to a back billing after water meter repairs were completed in 2023 at the WRRF.
- Sewage – Decrease of $0.5 million due to reduced use at the WRRF and volume billing from meter repairs at the Oakwood CSO facility.

The increase in chemicals in 2025 is due to increased volume of ferric chloride to remove phosphorus from primary influent and sodium hypochlorite due to wet weather events. The increase in chemicals in 2024 is due to increased pricing on chemicals at the end of FY 2023 that remained steady in FY 2024.

The supplies and other expenses decreased of $3.1 million in 2025 mainly due to a decrease of $2.6 million in repairs and maintenance of equipment and facilities which was elevated in 2024. The reductions include:
- Decrease of $1.6 million for incineration processing repairs & maintenance
- Decrease of $0.6 million at Blue Hill pumping station for equipment replacement in 2024, not required in 2025.
- Decrease of $0.5 million in primary process repairs & maintenance for grit system improvements in 2024, not required in 2025

The supplies and other expenses increased $7.9 million in 2024. The major variances which total $7.3 million are listed below.
- Increase of $2.7 million in repairs and maintenance of equipment due to increased maintenance on incinerators to improve reliability of equipment.
- Increase of $1.3 million in repairs and maintenance of equipment due to investment in grit system as part of initiative to improve reliability.
- Increase of $0.8 million in the centralized and administrative services allocation.
- Increase of $0.7 million in repairs and maintenance for the Blue Hill pumping station for equipment replacement. This is reimbursed through the intergovernmental reimbursements in the following fiscal year.
- Increase of $0.6 million in repairs and maintenance as part of the wastewater equipment reliability initiative.
- Increase of $0.6 million in repairs and maintenance primarily related to the cost of heating and cooling (HVAC) maintenance to improve equipment reliability.
- Increase of $0.6 million in green infrastructure due the accrual of the Authority’s share of estimated of costs incurred by the Detroit Water and Sewage Department. There was no accrual in the prior year due to a calculated credit.

## Management's Discussion and Analysis

The following table outlines the Sewage Disposal Fund nonoperating revenue and expenses:

| | Sewage Disposal Fund Nonoperating Revenue (Expenses) ($000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | Percentage of Nonoperating Expense | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Earnings (loss) on investments | $ 26,518 | -34.7% | $ 34,566 | $ 20,877 | $ (8,049) | -23.3% | $ 13,689 | 65.6% |
| Interest income on other receivables | 15,086 | -19.8% | 15,748 | 16,397 | (662) | -4.2% | (649) | -4.0% |
| Interest expense | (139,149) | 182.3% | (144,357) | (140,129) | 5,208 | 3.6% | (4,228) | -3.0% |
| Legacy pension recovery (expense) | (1,942) | 2.5% | (4,300) | 13,322 | 2,359 | 54.9% | (17,622) | -132.3% |
| Water Residential Assistance Program | (2,202) | 2.9% | (3,835) | (7,319) | 1,633 | 42.6% | 3,484 | 47.6% |
| Other | 25,365 | -33.2% | (2,205) | (9,354) | 27,569 | 1250.4% | 7,149 | 76.4% |
| Total Nonoperating Revenue (Expenses) | $ (76,324) | 100.0% | $ (104,382) | $ (106,206) | $ 28,058 | 26.9% | $ 1,823 | 1.7% |

Earnings on investments decreased by $8.1 million in 2025 and increased by $13.7 million in 2024. As a result of the short-term nature of the GLWA portfolio, it is heavily impacted by changes in the Fed Funds interest rate. Interest rates increased during fiscal year 2023 and remained steady through fiscal year 2024. Interest rates started to fall in fiscal year 2025.

Interest earnings on other receivables have decreased for 2025 and 2024 as the balances are being paid down.

The decrease in interest expense in 2025 is a result of two refinancing bond transactions that occurred during fiscal year June 2024. The increase in 2024 is a result of the revenue bonds issued in December 2023. These increases were partially offset with refunding bonds in December 2023. Part of the increase is also related to an increase in state revolving fund loans.

The legacy pension expense decreased in 2025 and increased in 2024. This is a closed pension plan therefore increases and decreases are mainly related to the amount of investment earnings on the plan assets and expenses of the plan.

WRAP expenditures vary based on the timing of the assistance by the service delivery partner. Budget amounts are set annually for each service delivery partner. The amount of WRAP expenditure in 2025 was 87% of the amount set aside during the year for WRAP. The WRAP expenditures in 2024 are as expected, even though they are a decrease from 2023. There was an increase in 2023 related to modifications in the WRAP program that increased participation.

Other revenue (expense) had a positive increase in fiscal year 2025 of $27.6 million mainly due to a positive increase of $18.5 million in the amortization of debt related items. The largest of which is the increase in the amortization of bond premium ($3.7 million) and decrease in amortization of insurance on debt ($9 million) related to the release of reserves in 2024. The other largest item is an increase in grants and loan forgiveness of $17.3 million offset by a decrease in insurance proceeds of $7.3 million. The $7.1 million positive change in 2024 is mainly due to an insurance settlement received during the year as amortization of debt related items were consistent with FY 2023.

### Capital Assets and Debt Administration

GLWA's investment in capital assets is $4.6 billion (net of accumulated depreciation) with $2.1 billion assigned to the Water Fund and $2.5 billion assigned to the Sewage Disposal Fund. See Note 9 to the financial statements for more information on capital assets. The Authority implemented GASB 89 during FY 2018 and no longer capitalizes interest expense.

| | Capital Assets, Net ($000) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Land | $ 62,975 | $ 62,975 | $ 62,975 | $ - | 0.0% | $ - | 0.0% |
| Easements | 357,465 | 357,465 | 357,457 | - | 0.0% | 7 | 0.0% |
| Construction in progress | 1,038,756 | 747,901 | 662,933 | 290,854 | 38.9% | 84,969 | 12.8% |
| Site improvements | 32,857 | 33,486 | 39,640 | (629) | -1.9% | (6,155) | -15.5% |
| Buildings and structures | 1,156,003 | 1,198,512 | 1,227,922 | (42,509) | -3.5% | (29,410) | -2.4% |
| Infrastructure | 958,615 | 986,225 | 922,572 | (27,610) | -2.8% | 63,653 | 6.9% |
| Machinery and equipment | 883,056 | 974,016 | 1,021,687 | (90,959) | -9.3% | (47,672) | -4.7% |
| Vehicles | 8,217 | 8,323 | 7,901 | (106) | -1.3% | 422 | 5.3% |
| Leasehold improvements | 9,668 | 10,471 | 9,521 | (803) | -7.7% | 950 | 10.0% |
| Intangible assets | 96,715 | 100,762 | 96,033 | (4,047) | -4.0% | 4,728 | 4.9% |
| Total capital assets (net of depreciation and amortization) | $ 4,604,326 | $ 4,480,135 | $ 4,408,642 | $ 124,191 | 2.8% | $ 71,493 | 1.6% |

***GLWA Conner Creek Facility***

*Water Fund*

The following tables provide a summary of the Water Fund capital assets.

| | Water Fund Capital Assets, Gross ($000) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Land | $ 34,478 | $ 34,478 | $ 34,478 | $ - | 0.0% | $ - | 0.0% |
| Easements | 259,146 | 259,146 | 259,139 | - | 0.0% | 7 | 0.0% |
| Construction in progress | 547,906 | 412,632 | 374,244 | 135,275 | 32.8% | 38,388 | 10.3% |
| Site improvements | 86,196 | 82,863 | 84,054 | 3,333 | 4.0% | (1,191) | -1.4% |
| Buildings and structures | 619,359 | 613,476 | 611,874 | 5,883 | 1.0% | 1,602 | 0.3% |
| Infrastructure | 796,107 | 791,207 | 687,000 | 4,899 | 0.6% | 104,207 | 15.2% |
| Machinery and equipment | 889,293 | 874,929 | 842,523 | 14,363 | 1.6% | 32,406 | 3.8% |
| Vehicles | 7,996 | 6,742 | 6,256 | 1,254 | 18.6% | 487 | 7.8% |
| Leasehold improvements | 8,422 | 8,422 | 8,422 | - | 0.0% | 0 | 0.0% |
| Intangible assets | 115,842 | 114,479 | 109,696 | 1,364 | 1.2% | 4,782 | 4.4% |
| Accumulated depreciation and amortization | (1,223,453) | (1,123,660) | (1,016,489) | (99,793) | 8.9% | (107,171) | 10.5% |
| Total water fund capital assets (net of depreciation and amortization) | $ 2,141,292 | $ 2,074,715 | $ 2,001,197 | $ 66,577 | 3.2% | $ 73,518 | 3.7% |

| | Water Fund Capital Assets, Net ($000) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Land | $ 34,478 | $ 34,478 | $ 34,478 | $ - | 0.0% | $ - | 0.0% |
| Easements | 259,146 | 259,146 | 259,139 | - | 0.0% | 7 | 0.0% |
| Construction in progress | 547,906 | 412,632 | 374,244 | 135,275 | 32.8% | 38,388 | 10.3% |
| Site improvements | 18,721 | 17,801 | 22,560 | 920 | 5.2% | (4,758) | -21.1% |
| Buildings and structures | 356,634 | 369,910 | 389,421 | (13,276) | -3.6% | (19,511) | -5.0% |
| Infrastructure | 463,698 | 477,494 | 400,027 | (13,796) | -2.9% | 77,467 | 19.4% |
| Machinery and equipment | 364,639 | 403,379 | 421,616 | (38,740) | -9.6% | (18,236) | -4.3% |
| Vehicles | 3,484 | 3,150 | 3,233 | 334 | 10.6% | (83) | -2.6% |
| Leasehold improvements | 5,590 | 6,142 | 6,698 | (552) | -9.0% | (556) | -8.3% |
| Intangible assets | 86,996 | 90,583 | 89,783 | (3,587) | -4.0% | 801 | 0.9% |
| Total water fund capital assets (net of depreciation and amortization) | $ 2,141,292 | $ 2,074,715 | $ 2,001,197 | $ 66,577 | 3.2% | $ 73,518 | 3.7% |

Water Fund additions to the depreciable asset categories in 2025 and 2024 were mainly due to transfers out of construction in progress. Total additions to construction in progress in FY 2025 was $156.2 million and amount placed in service was $20.9 million. Total additions to construction in progress in FY 2024 was $175.0 million and the amount placed in service was $136.6 million. The following table summarizes major projects for the last two years. Comprehensive project plan details can be found within Capital Improvement Plan documents available at https://www.glwater.org/cip/.

## Management's Discussion and Analysis

| Water Fund (millions) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Expenditures | | Placed in Service | | |
| Project Number | Description | Expected Completion Date | Project Plan Estimate | FY 2024 | FY 2025 | FY 2024 | FY 2025 | CIP at 6/30/2025 |
| 122004 | 96" Water Transmission Main Relocation and Isolation Valve Installations | FY29 | $ 237.6 | $ 39.9 | $ 29.2 | $ - | $ - | $ 119.9 |
| 122013 | 14 Mile Transmission Main Loop | FY25 | 113.5 | 32.1 | 4.6 | - | - | 93.8 |
| 114002 | Springwells Water Treatment Plant Low and High Lift Pumping Station Improvements | FY35 | 315.7 | 16.8 | 30.1 | 17.6 | - | 55.9 |
| 132010 | West Service Center Pumping Station - Reservoir, Reservoir Pumping and Divison Valve Upgrades | FY26 | 47.8 | 2.7 | 1.3 | - | - | 46.9 |
| 115001 | Water Works Park Water Treatment Plant Yard Piping, Valves and Venturi Meters Replacement | FY26 | 56.1 | 13.0 | 8.4 | - | 4.1 | 46.5 |
| 170802 | Reservoir Inpsection, Design and Construction Management Services Phase II | FY29 | 55.7 | 7.5 | 16.7 | 0.7 | 4.9 | 21.1 |
| 170602 | 36" 24 Mile Rd. Transmission Main | FY27 | 23.1 | 2.5 | 17.8 | - | - | 20.3 |
| 116002 | Pennsylvania and Springwells Raw Water Supply Tunnel Improvements | FY26 | 98.8 | 11.8 | 10.0 | 76.0 | - | 10.3 |
| 114017 | Springwells Water Treatment Plant Flocculator Drive Replacements | FY27 | 27.8 | 7.6 | 6.5 | - | 12.0 | 3.2 |
| 170801 | Reservoir Inspection, Design & Construction Project at Implay Station, Lake Huron WTP, Springwells WTP, Southwest WTP | FY25 | 25.4 | 1.9 | 0.0 | 16.5 | - | - |
| 170503 | Transmission Mains Valves and Urgent Repairs Contract 2 | FY26 | 16.1 | 2.9 | 0.0 | 14.1 | - | 2.1 |
| | Other projects | | | 36.3 | 31.7 | 11.7 | 0.0 | 127.9 |
| | Total | | | $ 175.0 | $ 156.2 | $ 136.6 | $ 20.9 | $ 547.9 |

*Sewage Disposal Fund*

The following tables provide a summary of the Sewage Disposal Fund capital assets.

| | Sewage Disposal Fund Capital Assets, Gross ($000) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Land | $ 28,498 | $ 28,498 | $ 28,498 | $ - | 0.0% | $ - | 0.0% |
| Easements | 98,319 | 98,319 | 98,319 | - | 0.0% | - | 0.0% |
| Construction in progress | 490,850 | 335,270 | 288,689 | 155,580 | 46.4% | 46,581 | 16.1% |
| Site improvements | 54,176 | 53,028 | 52,833 | 1,148 | 2.2% | 196 | 0.4% |
| Buildings and structures | 1,197,418 | 1,192,543 | 1,166,942 | 4,875 | 0.4% | 25,601 | 2.2% |
| Infrastructure | 625,708 | 625,708 | 625,708 | - | 0.0% | - | 0.0% |
| Machinery and equipment | 1,478,512 | 1,435,846 | 1,373,756 | 42,666 | 3.0% | 62,090 | 4.5% |
| Vehicles | 10,886 | 9,958 | 8,393 | 928 | 9.3% | 1,565 | 18.6% |
| Leasehold improvements | 5,612 | 5,499 | 3,779 | 113 | 2.1% | 1,720 | 45.5% |
| Intangible assets | 13,386 | 12,023 | 7,240 | 1,364 | 11.3% | 4,782 | 66.1% |
| Accumulated depreciation and amortization | (1,540,330) | (1,391,271) | (1,246,711) | (149,059) | 10.7% | (144,560) | 11.6% |
| Total sewage disposal fund capital assets (net of depreciation and amortization) | $ 2,463,034 | $ 2,405,420 | $ 2,407,445 | $ 57,614 | 2.4% | $ (2,025) | -0.1% |

| | Sewage Disposal Fund Capital Assets, Net ($000) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Land | $ 28,498 | $ 28,498 | $ 28,498 | $ - | 0.0% | $ - | 0.0% |
| Easements | 98,319 | 98,319 | 98,319 | - | 0.0% | - | 0.0% |
| Construction in progress | 490,850 | 335,270 | 288,689 | 155,580 | 46.4% | 46,581 | 16.1% |
| Site improvements | 14,135 | 15,684 | 17,081 | (1,549) | -9.9% | (1,396) | -8.2% |
| Buildings and structures | 799,370 | 828,602 | 838,501 | (29,233) | -3.5% | (9,899) | -1.2% |
| Infrastructure | 494,917 | 508,731 | 522,545 | (13,814) | -2.7% | (13,814) | -2.6% |
| Machinery and equipment | 518,417 | 570,636 | 600,071 | (52,219) | -9.2% | (29,435) | -4.9% |
| Vehicles | 4,733 | 5,173 | 4,668 | (440) | -8.5% | 505 | 10.8% |
| Leasehold improvements | 4,078 | 4,328 | 2,823 | (251) | -5.8% | 1,506 | 53.3% |
| Intangible assets | 9,718 | 10,178 | 6,251 | (460) | -4.5% | 3,928 | 62.8% |
| Total sewage disposal fund capital assets (net of depreciation and amortization) | $ 2,463,034 | $ 2,405,420 | $ 2,407,445 | $ 57,614 | 2.4% | $ (2,025) | -0.1% |

Sewage Disposal Fund additions to the depreciable asset categories in 2025 and 2024 were mainly due to transfers out of construction in progress. Total additions to construction in progress in FY 2025 was $196.8 million and the amount placed in service was $41.2 million. Total additions to construction in progress in FY 2024 was $135.7 million and the amount placed in service was $89.1 million. The following table summarizes major projects for the last two years. Comprehensive project plan details can be found within Capital Improvement Plan documents available at https://www.glwater.org/cip/.

| Sewage Disposal Fund (millions) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Project Number | Description | Expected Completion Date | Project Plan Estimate | Expenditures FY 2024 | Expenditures FY 2025 | Placed in Service FY 2024 | Placed in Service FY 2025 | CIP at 6/30/2025 |
| 222002 | Detroit River Interceptor Evaluation and Rehabilitation | FY33 | $ 119.6 | $ 6.6 | $ 19.3 | $ - | $ - | $ 77.0 |
| 260701 | Conveyence System Infrastructure Improvements | FY26 | 58.5 | 21.0 | 12.4 | - | - | 46.5 |
| 211006 | Water Resource Recovery Facility Pump Station No. 1 Improvements | FY33 | 114.1 | 8.8 | 23.1 | - | - | 43.4 |
| 260204 | Conveyance System Engineering Services | FY27 | 54.4 | 17.2 | 11.4 | - | - | 38.7 |
| 216006 | Assessment and Rehabilitation of WRRF Yard Pipingh and Underground Utilities | FY29 | 38.0 | 4.4 | 12.1 | - | - | 22.5 |
| 212008 | WRRF Aeration Improvements 1 and 2 | FY30 | 213.7 | 7.0 | 11.1 | - | - | 19.3 |
| 232005 | Freud Pump Station Improvements | FY30 | 151.0 | 0.2 | 13.0 | - | - | 17.7 |
| 222001 | Oakwood Relief Sewer Modification | FY28 | 87.9 | 0.4 | 12.3 | - | - | 15.3 |
| 211008 | Water Resource Recovery Facility Rehabilitation of Ferric Chloric Feed System in Pump Station 1 and Complex B Sludge Lines | FY25 | 13.4 | 2.3 | 0.1 | - | 12.9 | - |
| 232001 | Fairview Pumping Station - Replace Four Sanitary Pumps | FY24 | 44.7 | 1.0 | - | 44.7 | - | 0.0 |
| 213007 | Water Resource Recovery Facility Modification to Incinerator Sludge Feed Systems at Complex II | FY27 | 25.5 | 0.8 | 0.1 | 22.9 | - | 0.9 |
| 216004 | Rehabilitation of Various Sampling Sites and Pump Station # 2 Ferric Chloride System at Water Resource Recovery Facility | FY24 | 8.0 | 0.2 | - | 7.9 | - | - |
| | Other projects | | | 65.8 | 81.8 | 13.6 | 6.2 | 209.6 |
| OMIDD | Capital contribution - North Interceptor East Arm Project | | | | | | 22.1 | |
| | Total | | | $ 135.7 | $ 196.8 | $ 89.1 | $ 41.2 | $ 490.8 |

### Long-term Debt

The Authority's long-term debt consists of revenue bonds and loans as well as an obligation payable related to the City of Detroit's Financial Recovery bonds and a liability related to raw water rights that the Authority will own at the end of the agreement. See Note 12 for a complete analysis of the long-term debt. The following analysis focuses on the revenue bonds and loans.

| | Revenue Bonds and Loans ($000) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Revenue bonds | $ 4,840,960 | $ 4,813,825 | $ 4,840,395 | $ 27,135 | 0.6% | $ (26,570) | -0.5% |
| State revolving loans | 636,565 | 577,829 | 557,276 | 58,736 | 10.2% | 20,553 | 3.7% |
| Total revenue bonds and loans | $ 5,477,525 | $ 5,391,654 | $ 5,397,671 | $ 85,871 | 1.6% | $ (6,017) | -0.1% |

*Water Fund*

As shown in the table below, the total outstanding debt for the Water System is $2.7 billion, increasing by $155 million from the prior year. The Authority issued $528.2 million in revenue bonds during the fiscal year, $309.2 million of which were used to refund bonds which resulted in a net present value savings of $27.1 million. The remaining amount of $219.0 million will be used for water system capital improvements.

The Water System received $58.1 million in new state revolving fund loans and received $943 thousand in loan forgiveness. The amount of state revolving fund loans pass-through to DWSD for local system improvements was $1.8 million as well as the $943 thousand in loan forgiveness.

| | Water Fund Revenue Bonds and Loans ($000) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Revenue bonds | $ 2,427,660 | $ 2,317,305 | $ 2,279,260 | $ 110,355 | 4.8% | $ 38,045 | 1.7% |
| State revolving loans | 285,768 | 241,021 | 207,357 | 44,747 | 18.6% | 33,664 | 16.2% |
| Total water revenue bonds and loans | $ 2,713,428 | $ 2,558,326 | $ 2,486,617 | $ 155,102 | 6.1% | $ 71,709 | 2.9% |

Repayment of GLWA bonds issued are funded by charges to all member partners. Repayment of the debt service assigned to DWSD for local system improvements are paid from retail customer collections by DWSD.

*Sewage Disposal Fund*

As shown in the table below, the total outstanding debt for the Sewage Disposal System is $2.8 billion, decreasing by $69.2 million from the prior year. The Authority issued $435.1 million in revenue bonds during the year, $387.6 million of which was used to refund bonds which resulted in a net present value savings of $34.4 million. The new money portion of $47.5 million will be used for sewage disposal system capital improvements.

The Sewage Disposal System received $87.1 million in new state revolving fund loans and received $19.6 million in loan forgiveness. The amount of state revolving fund loans pass-through to DWSD for local system improvements was $3.5 million and $1.2 million in loan forgiveness.

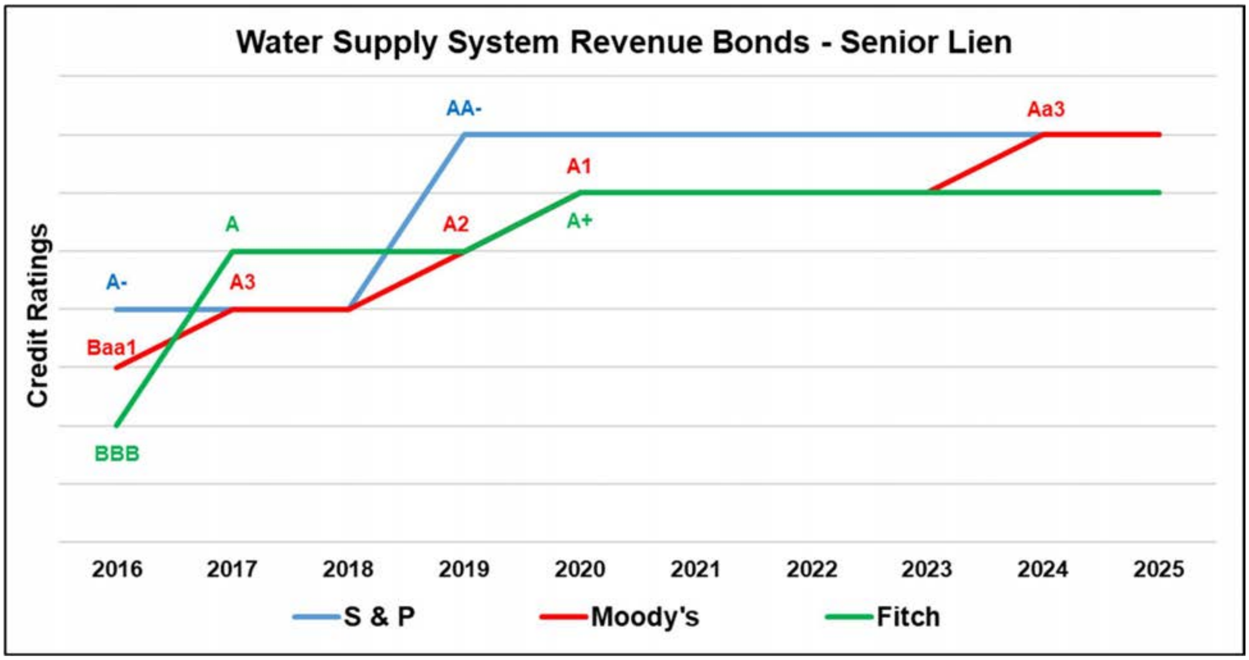
| | Sewage Disposal Fund Revenue Bonds and Loans ($000) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fiscal Year | | | Change 2025 vs 2024 | | Change 2024 vs 2023 | |
| | 2025 | 2024 | 2023 | Amount | Percent | Amount | Percent |
| Revenue bonds | $ 2,413,300 | $ 2,496,520 | $ 2,561,135 | $ (83,220) | -3.3% | $ (64,615) | -2.5% |
| State revolving loans | 350,798 | 336,808 | 349,919 | 13,990 | 4.2% | (13,111) | -3.7% |
| Total sewer revenue bonds and loans | $ 2,764,098 | $ 2,833,328 | $ 2,911,054 | $ (69,230) | -2.4% | $ (77,726) | -2.7% |

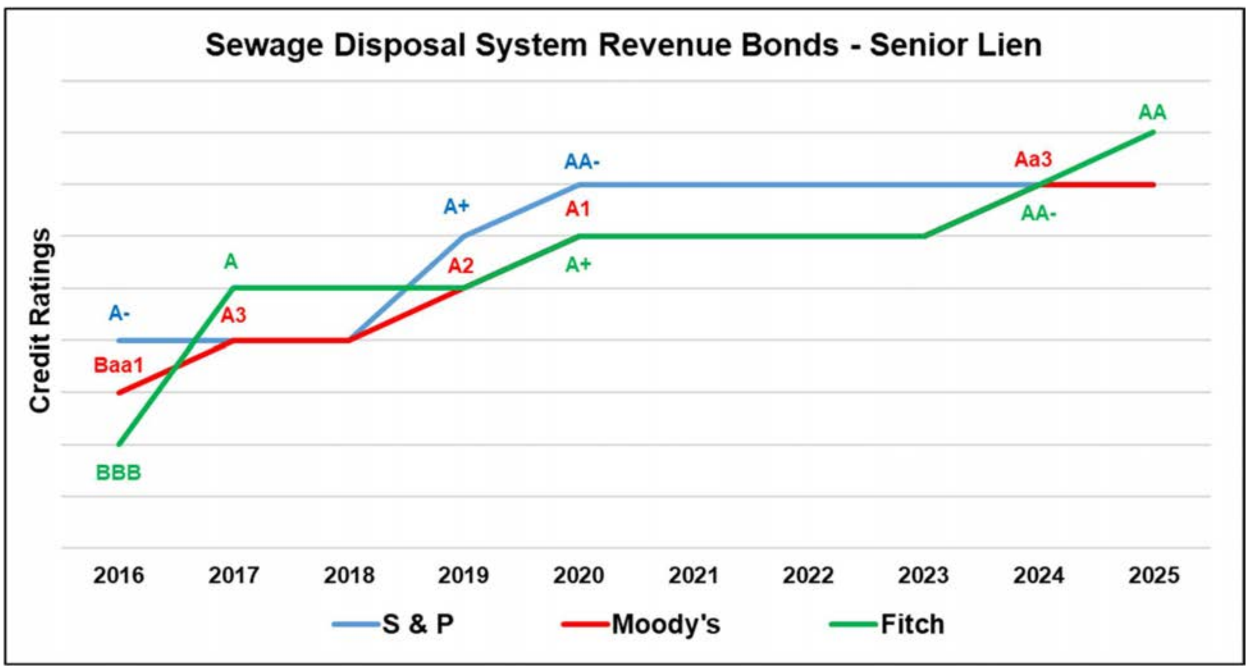
Repayment of GLWA bonds issued are funded by charges to all member partners. Repayment of the debt service assigned to DWSD for local system improvements is paid from retail customer collections by DWSD.

**Credit Ratings**

In May 2024, all three agencies affirmed the credit ratings. With the issuance of bonds in June 2024, the Authority exercised the option to reduce the reserve requirements for senior and second lien bonds to zero. In May 2025, Moody and S&P Global Ratings affirmed the credit ratings. Fitch upgraded the sewage disposal system for the senior lien rating from AA- to AA and the second lien from A+ to AA-. Fitch affirmed the water supply ratings.

The following charts provide the credit rating history, at the end of each fiscal year, for senior lien revenue bonds since the GLWA began operations in 2016.


Water Supply System Revenue Bonds - Senior Lien
Credit Ratings
AA-
Aa3
A1
A
A2
A+
A-
A3
Baa1
BBB
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
S & P
Moody's
Fitch


Sewage Disposal System Revenue Bonds - Senior Lien
Credit Ratings
AA
AA-
Aa3
A+
A1
AA-
A
A2
A+
A-
A3
Baa1
BBB
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
S & P
Moody's
Fitch

### Economic Factors Affecting Next Year's Operations and Rates

On February 26, 2025, the GLWA Board adopted the biennial budget for the Authority for fiscal years 2026 and 2027.

*Water Fund*

For FY 2026 the budget increased by 6.1 percent. This translated into a regional system average charge increase of 5.9 percent and a wholesale member partner average charge increase of 5.5 percent . The charge to the local system increased 6.1 percent.

*Sewage Disposal Fund*

For FY 2025 the budget increased by 4.67 percent. This translated into a regional system average charge increase of 4.5 percent and a wholesale member partner average charge increase of 4.5 percent. The charge to the local system increased 4.4 percent.

### Requests for Information

This financial report is designed to provide a general overview of GLWA's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Great Lakes Water Authority, Office of the Chief Financial Officer, 735 Randolph, Detroit, Michigan 48226. This report is also available on the Authority's website at www.glwater.org.

***GLWA Lake Huron Water Treatment Facility***

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## BASIC FINANCIAL STATEMENTS

# GREAT LAKES WATER AUTHORITY

STATEMENT OF NET POSITION
As of June 30, 2025
With Comparative Amounts at June 30, 2024

| | Enterprise Funds | | Total | 2024 Total |
|---|---|---|---|---|
| | Water Fund | Sewage Disposal Fund | Business-type Activities | Business-type Activities |
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ 207,381,565 | $ 228,149,918 | $ 435,531,483 | $ 443,798,752 |
| Restricted cash and cash equivalents | 58,223,438 | 93,453,897 | 151,677,335 | 307,389,483 |
| Restricted cash for the benefit of DWSD | 23,814,008 | 33,764,024 | 57,578,032 | 58,146,817 |
| Investments | 99,043,449 | 120,925,966 | 219,969,415 | 175,045,455 |
| Restricted investments | 123,128,174 | 129,190,790 | 252,318,964 | 100,776,070 |
| Receivables, net | 69,573,176 | 40,765,071 | 110,338,247 | 90,010,642 |
| Due from other governments | 2,325,228 | 9,473,911 | 11,799,139 | 6,517,578 |
| Due from other funds | 749,587 | 4,678,784 | 5,428,371 | 6,717,488 |
| Contractual obligation receivable | 22,858,664 | 17,768,589 | 40,627,253 | 38,734,494 |
| Prepaid items and other assets | 10,411,532 | 6,031,575 | 16,443,107 | 18,010,354 |
| Inventories | - | 11,016,188 | 11,016,188 | 10,420,267 |
| Total Current Assets | 617,508,821 | 695,218,713 | 1,312,727,534 | 1,255,567,400 |
| Noncurrent Assets | | | | |
| Restricted cash and cash equivalents | 269,831,486 | 151,979,449 | 421,810,935 | 297,077,701 |
| Restricted investments | 1,892,680 | 5,176,154 | 7,068,834 | 7,325,544 |
| Contractual obligation receivable | 506,291,266 | 322,373,805 | 828,665,071 | 866,415,659 |
| Prepaid lease | 11,250,000 | 13,750,000 | 25,000,000 | 25,000,000 |
| Capital assets | | | | |
| Nondepreciable/nonamortizable | 841,843,338 | 617,979,428 | 1,459,822,766 | 1,172,921,362 |
| Depreciated/amortized, net | 1,299,448,724 | 1,845,054,565 | 3,144,503,289 | 3,307,213,601 |
| Total Noncurrent Assets | 2,930,557,494 | 2,956,313,401 | 5,886,870,895 | 5,675,953,867 |
| Total Assets | 3,548,066,315 | 3,651,532,114 | 7,199,598,429 | 6,931,521,267 |
| **Deferred Outflows of Resources** | | | | |
| Deferred charge on refunding | 22,155,705 | 43,993,954 | 66,149,659 | 75,062,279 |
| Deferred pension amounts | 1,964,893 | 3,516,536 | 5,481,429 | 14,891,972 |
| Total Deferred Outflows of Resources | 24,120,598 | 47,510,490 | 71,631,088 | 89,954,251 |

The accompanying notes are an integral part of these financial statements.

| | Enterprise Funds | | Total | 2024 Total |
|---|---|---|---|---|
| | Water Fund | Sewage Disposal Fund | Business-type Activities | Business-type Activities |
| **Liabilities** | | | | |
| Current Liabilities | | | | |
| Accounts and contracts payable | $ 67,866,834 | $ 79,985,815 | $ 147,852,649 | $ 122,248,743 |
| Accrued salaries, wages and benefits | 3,793,297 | 651,333 | 4,444,630 | 2,767,908 |
| Accrued liabilities | 25,234,778 | 35,691,788 | 60,926,566 | 62,468,484 |
| Due to other governments | 10,626,406 | 922,632 | 11,549,038 | 7,203,563 |
| Due to other funds | 4,678,784 | 749,587 | 5,428,371 | 6,717,488 |
| Interest payable | 48,494,681 | 46,371,205 | 94,865,886 | 95,118,780 |
| Current portion of | | | | |
| Revenue bonds and loans | 110,897,236 | 133,368,516 | 244,265,752 | 261,405,480 |
| Raw water rights obligation | 3,212,750 | - | 3,212,750 | 3,085,994 |
| BC Note obligation | 1,013,903 | 2,280,589 | 3,294,492 | 3,257,960 |
| Regional system leases | 6,443,173 | 7,874,989 | 14,318,162 | 13,734,365 |
| Other liabilities | 5,054,910 | 6,482,122 | 11,537,032 | 24,455,219 |
| Total Current Liabilities | 287,316,752 | 314,378,576 | 601,695,328 | 602,463,984 |
| Noncurrent Liabilities | | | | |
| Revenue bonds and loans | 2,781,806,976 | 2,745,047,875 | 5,526,854,851 | 5,421,029,379 |
| Raw water rights obligation | 83,253,410 | - | 83,253,410 | 86,466,161 |
| BC Note obligation | 14,107,624 | 31,732,528 | 45,840,152 | 49,134,645 |
| Regional system leases | 381,543,557 | 466,331,015 | 847,874,572 | 862,192,735 |
| Other liabilities | 5,076,232 | 15,995,812 | 21,072,044 | 20,202,991 |
| Net pension liability | 10,588,001 | 18,949,159 | 29,537,160 | 37,046,052 |
| Total Noncurrent Liabilities | 3,276,375,800 | 3,278,056,389 | 6,554,432,189 | 6,476,071,963 |
| Total Liabilities | 3,563,692,552 | 3,592,434,965 | 7,156,127,517 | 7,078,535,947 |
| **Deferred Inflows of Resources** | | | | |
| Deferred gain on refunding | 84,770,706 | 94,626,296 | 179,397,002 | 133,311,884 |
| Deferred amounts for swap terminations | 47,260 | 218 | 47,478 | 52,283 |
| Total Deferred Inflows of Resources | 84,817,966 | 94,626,514 | 179,444,480 | 133,364,167 |
| **Net Position (Deficit)** | | | | |
| Net investment in capital assets | (229,515,406) | (125,782,152) | (355,297,558) | (428,661,605) |
| Restricted for construction | - | 2,327,795 | 2,327,795 | 2,258,067 |
| Restricted for debt service | 90,366,871 | 113,285,692 | 203,652,563 | 213,673,818 |
| Restricted for payment assistance program | 1,181,497 | 1,124,253 | 2,305,750 | 1,716,187 |
| Unrestricted | 61,643,433 | 21,025,537 | 82,668,970 | 20,588,937 |
| **TOTAL NET POSITION (DEFICIT)** | $ (76,323,605) | $ 11,981,125 | $ (64,342,480) | $ (190,424,596) |

The accompanying notes are an integral part of these financial statements.

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# GREAT LAKES WATER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025
With Comparative Amounts at June 30, 2024

| | Enterprise Funds | | Total | 2024 Total |
|---|---|---|---|---|
| | Water Fund | Sewage Disposal Fund | Business-type Activities | Business-type Activities |
| **Operating Revenues** | | | | |
| Wholesale charges | $ 348,976,278 | $ 287,690,760 | $ 636,667,038 | $ 620,278,257 |
| Charges to local system | 27,094,800 | 205,924,800 | 233,019,600 | 222,106,800 |
| Industrial waste charges | - | 8,849,415 | 8,849,415 | 8,617,495 |
| Pollutant surcharges | - | 4,583,986 | 4,583,986 | 4,088,519 |
| Bad debt recovery credit | - | - | - | (20,709,400) |
| Other revenues | 383,450 | 564,619 | 948,069 | 1,149,414 |
| Total Operating Revenues | 376,454,528 | 507,613,580 | 884,068,108 | 835,531,085 |
| **Operating Expenses** | | | | |
| Operating expenses before depreciation and amortization | | | | |
| Personnel | 57,469,696 | 75,499,687 | 132,969,383 | 121,870,688 |
| Contractual services | 55,172,799 | 68,613,505 | 123,786,304 | 109,779,130 |
| Utilities | 30,874,851 | 36,184,430 | 67,059,281 | 71,938,730 |
| Chemicals | 14,111,802 | 20,273,321 | 34,385,123 | 31,075,405 |
| Supplies and other expenses | 16,512,555 | 27,404,987 | 43,917,542 | 42,093,447 |
| Total operating expenses before depreciation and amortization | 174,141,703 | 227,975,930 | 402,117,633 | 376,757,400 |
| Depreciation | 94,928,085 | 147,559,403 | 242,487,488 | 265,043,620 |
| Amortization of intangible assets | 4,950,504 | 1,823,544 | 6,774,048 | 4,836,584 |
| Total Operating Expenses | 274,020,292 | 377,358,877 | 651,379,169 | 646,637,604 |
| **Operating Income** | 102,434,236 | 130,254,703 | 232,688,939 | 188,893,481 |
| **Nonoperating Revenues (Expenses)** | | | | |
| Earnings (loss) on investments | 22,277,144 | 26,517,724 | 48,794,868 | 61,853,367 |
| Interest income from other receivables | 23,205,372 | 15,086,077 | 38,291,449 | 39,854,908 |
| Interest expense | (132,358,016) | (139,148,552) | (271,506,568) | (278,957,613) |
| Amortization of debt related items and cost of issuance | 18,629,609 | 7,305,898 | 25,935,507 | (4,154,979) |
| Legacy pension recovery (expense) | (1,084,873) | (1,941,578) | (3,026,451) | (6,703,433) |
| Water Residential Assistance Program | (1,626,102) | (2,202,336) | (3,828,438) | (6,772,438) |
| Other | (18,592) | 18,058,628 | 18,040,036 | 6,711,713 |
| Total Nonoperating Expenses | (70,975,458) | (76,324,139) | (147,299,597) | (188,168,475) |
| Income (loss) before capital contributions | 31,458,778 | 53,930,564 | 85,389,342 | 725,006 |
| **Capital Contributions** | 3,348,636 | 37,344,138 | 40,692,774 | 40,432,239 |
| **Change in Net Position** | 34,807,414 | 91,274,702 | 126,082,116 | 41,157,245 |
| NET POSITION (DEFICIT), Beginning of Year | (111,131,019) | (79,293,577) | (190,424,596) | (231,581,841) |
| **NET POSITION (DEFICIT), END OF YEAR** | $ (76,323,605) | $ 11,981,125 | $ (64,342,480) | $ (190,424,596) |

The accompanying notes are an integral part of these financial statements.

# GREAT LAKES WATER AUTHORITY

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
With Comparative Amounts at June 30, 2024

| | Enterprise Funds | | Total | 2024 Total |
|---|---|---|---|---|
| | Water Fund | Sewage Disposal Fund | Business-type Activities | Business-type Activities |
| **Cash Flows From Operating Activities** | | | | |
| Cash received from customers | $ 365,663,639 | $ 492,121,092 | $ 857,784,731 | $ 850,127,070 |
| Cash received from intergovernmental reimbursements | 4,684,273 | 2,839,113 | 7,523,386 | 10,271,294 |
| Cash payments for intergovernmental services provided | (4,934,473) | (1,729,050) | (6,663,523) | (7,102,086) |
| Cash payments to suppliers for goods and services | (95,693,990) | (169,072,012) | (264,766,002) | (269,058,960) |
| Cash payments for employee services | (56,163,999) | (75,590,558) | (131,754,557) | (118,834,510) |
| Cash payments to other governments for obligation payable | (1,653,310) | (3,718,817) | (5,372,127) | (2,844,805) |
| Cash payments for WRAP | (348,407) | (407,440) | (755,847) | (11,588,806) |
| Cash payments for GLWA share pension agreement | - | - | - | (492,100) |
| Cash payment to customer (return deposit) | (4,074,693) | - | (4,074,693) | - |
| Cash received from insurance claims | - | - | - | 983,608 |
| Cash received from grants | 106,102 | 20,000 | 126,102 | 89,000 |
| Cash received (paid) nonoperating income (expense) | 5,900 | 1,059 | 6,959 | 21,064 |
| Cash payments to DWSD local system for cash held for EFSD | - | (8,557,957) | (8,557,957) | (16,453,096) |
| Cash received for DWSD local system for cash held for EFSD | - | 340,881 | 340,881 | 781,020 |
| Cash received for DWSD nonoperating pension | 1,167,400 | 982,400 | 2,149,800 | 1,880,900 |
| Cash paid for DWSD nonoperating pension | (1,167,396) | (982,357) | (2,149,753) | (1,346,300) |
| Cash received for DWSD WRAP | 887,300 | 1,362,200 | 2,249,500 | 2,191,900 |
| Cash payments for DWSD WRAP | (887,300) | (1,362,200) | (2,249,500) | (2,594,938) |
| Cash increase from DWSD budgetary surplus (1) | 7,389,122 | 289,624 | 7,678,746 | 14,495,880 |
| Cash payment to DWSD I&E for surplus | (8,000,000) | - | (8,000,000) | - |
| Principal payments received on obligation receivable | 21,184,051 | 16,622,900 | 37,806,951 | 35,447,100 |
| Interest received on obligation receivable | 24,013,756 | 15,495,373 | 39,509,129 | 41,046,000 |
| Advanced payments received (used) on obligation receivable | (266,371) | 28,057 | (238,314) | 664,044 |
| Cash received from DWSD for debt related costs | 2,703,155 | 44,950 | 2,748,105 | 16,436 |
| Payments of state revolving fund loan proceeds to DWSD | (1,800,272) | (3,263,636) | (5,063,908) | (14,034,258) |
| Net Cash Provided by Operating Activities | 252,814,487 | 265,463,622 | 518,278,109 | 513,665,457 |
| **Cash Flows From Noncapital Financing Activities** | | | | |
| Proceeds from state revolving fund loans for DWSD | 1,800,272 | 3,506,268 | 5,306,540 | 14,034,258 |
| Cash received from grants | 55,635 | 139,963 | 195,598 | 2,785,578 |
| Debt related costs | (2,703,155) | (17,000) | (2,720,155) | (16,436) |
| Principal payments | (20,296,651) | (15,945,600) | (36,242,251) | (32,383,500) |
| Interest payments | (24,455,458) | (15,841,783) | (40,297,241) | (41,755,078) |
| Net Cash Used in Noncapital Financing Activities | (45,599,357) | (28,158,152) | (73,757,509) | (57,335,178) |

The accompanying notes are an integral part of these financial statements.

Continued on
Next Page

| | Enterprise Funds Water Fund | Enterprise Funds Sewage Disposal Fund | Total Business-type Activities | 2024 Total Business-type Activities |
|---|---|---|---|---|
| **Cash Flows From Capital and Related Financing Activities** | | | | |
| Proceeds from insurance claims | $ - | $ - | $ - | $ 5,994,564 |
| Proceeds from grants | 4,489,163 | 10,174,615 | 14,663,778 | 35,994,008 |
| Proceeds from sale of assets | 12,350 | 6,220 | 18,570 | 125,980 |
| Proceeds from revenue bonds | 231,833,814 | 51,717,480 | 283,551,294 | 264,853,275 |
| Proceeds from state revolving fund loans | 56,270,485 | 83,533,191 | 139,803,676 | 64,904,795 |
| Payments to bond escrow agent | (8,266,901) | (10,424,094) | (18,690,995) | (57,654,817) |
| Payment of bond issuance costs | (323,962) | (9,162) | (333,124) | (5,061,510) |
| Principal payments on bonds | (72,923,902) | (125,910,269) | (198,834,171) | (97,776,500) |
| Principal payments on regional system leases | (6,180,465) | (7,553,901) | (13,734,366) | (13,174,371) |
| Principal payments on right to use lease | - | (414,719) | (414,719) | (390,070) |
| Principal payments on subscription liability | (411,575) | (411,575) | (823,150) | (620,928) |
| Interest payments | (96,042,099) | (112,242,005) | (208,284,104) | (195,804,869) |
| Purchase of capital assets | (170,431,942) | (166,180,689) | (336,612,631) | (323,614,520) |
| Net Cash Used in Capital and Related Financing Activities | (61,975,034) | (277,714,908) | (339,689,942) | (322,224,963) |
| **Cash Flows From Investing Activities** | | | | |
| Investment purchases | (313,534,613) | (446,822,132) | (760,356,745) | (725,533,320) |
| Investment sales and maturities | 226,717,562 | 352,575,895 | 579,293,457 | 702,676,863 |
| Interest received | 15,821,250 | 20,596,412 | 36,417,662 | 42,224,069 |
| Net Cash Provided in Investing Activities | (70,995,801) | (73,649,825) | (144,645,626) | 19,367,612 |
| **Net change in cash and cash equivalents** | 74,244,295 | (114,059,263) | (39,814,968) | 153,472,928 |
| CASH AND CASH EQUIVALENTS, Beginning of Year | 485,006,202 | 621,406,551 | 1,106,412,753 | 952,939,825 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 559,250,497 | $ 507,347,288 | $ 1,066,597,785 | $ 1,106,412,753 |
| **STATEMENT OF NET POSITION CLASSIFICATION OF CASH** | | | | |
| Cash and cash equivalents | $ 207,381,565 | $ 228,149,918 | $ 435,531,483 | $ 443,798,752 |
| Restricted cash and cash equivalents | 58,223,438 | 93,453,897 | 151,677,335 | 307,389,483 |
| Restricted cash for the benefit of DWSD | 23,814,008 | 33,764,024 | 57,578,032 | 58,146,817 |
| Noncurrent restricted cash and cash equivalents | 269,831,486 | 151,979,449 | 421,810,935 | 297,077,701 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 559,250,497 | $ 507,347,288 | $ 1,066,597,785 | $ 1,106,412,753 |
| **NONCASH OPERATING ACTIVITIES** | | | | |
| Credits given on billings-Flint KWA obligation | $ (5,859,708) | $ - | $ (5,859,708) | $ (5,990,831) |
| Interest income obligation receivable premium amortization | $ (806,043) | $ (426,502) | $ (1,232,545) | $ (1,221,909) |

The accompanying notes are an integral part of these financial statements.

## GREAT LAKES WATER AUTHORITY

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
With Comparative Amounts at June 30, 2024

Continued From Previous Page

| | Enterprise Funds | | Total | 2024 Total |
|---|---|---|---|---|
| | Water Fund | Sewage Disposal Fund | Business-type Activities | Business-type Activities |
| **NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES** | | | | |
| Bond proceeds deposited into an escrow account for refunding revenue bonds | $ 339,319,728 | $ 423,791,956 | $ 763,111,684 | $ 1,126,453,754 |
| Bond proceeds paid directly to underwriters for cost of issuance | 1,567,758 | 1,321,326 | 2,889,084 | 3,908,774 |
| Increase in assets from contributed capital | - | 22,083,722 | 22,083,722 | 257,750 |
| Increase in subscription liability | 575,956 | 575,956 | 1,151,912 | 3,771,046 |
| Decrease in raw water rights obligation | 3,085,995 | - | 3,085,995 | 2,963,619 |
| Interest paid for raw water rights obligation | 2,773,713 | - | 2,773,713 | 3,027,212 |
| Increase in unrealized gain (loss) on investments | 572,469 | 963,608 | 1,536,077 | 2,258,938 |
| Amortization income (expense) | 21,846,711 | 10,030,578 | 31,877,289 | 4,856,255 |
| **Reconciliation of Operating Income to Net Cash Provided by Operating Activities:** | | | | |
| Operating income | $ 102,434,236 | $ 130,254,703 | $ 232,688,939 | $ 188,893,481 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 94,928,085 | 147,559,403 | 242,487,488 | 265,043,620 |
| Amortization of intangible assets | 4,950,504 | 1,823,544 | 6,774,048 | 4,836,584 |
| Credits for raw water rights | (5,859,708) | - | (5,859,708) | (5,990,831) |
| Miscellaneous nonoperating income (expense) | 5,900 | 1,059 | 6,959 | 537,548 |
| Legacy pension recovery (expense) and administrative fee | (1,236,073) | (2,212,178) | (3,448,251) | (6,151,212) |
| WRAP (Water Residential Assistance Program) | (1,626,102) | (2,202,336) | (3,828,438) | (6,772,438) |
| Loan forgiveness pass-through to DWSD | (943,208) | (1,181,665) | (2,124,873) | (7,934,019) |
| Cash payments from DWSD for debt related costs | 2,703,155 | 44,950 | 2,748,105 | 16,436 |
| Interest income on contractual obligation receivable | 23,205,372 | 15,086,077 | 38,291,449 | 39,854,908 |
| Interest expense on obligation payable | (650,053) | (1,462,174) | (2,112,227) | (2,148,958) |
| Changes in: | | | | |
| Receivables | (4,853,894) | (15,472,488) | (20,326,382) | 20,622,788 |
| Due from other governments | (799,930) | (497,985) | (1,297,915) | 5,145,718 |
| Due from other funds | 3,806,175 | (2,517,058) | 1,289,117 | (3,470,020) |
| Contractual obligation receivable | 21,133,030 | 14,724,799 | 35,857,829 | 30,568,770 |
| Prepaid items and other assets (operating) | 1,328,865 | 768,732 | 2,097,597 | (958,466) |
| Inventories | - | (595,921) | (595,921) | 229,229 |
| Accounts payable (operating) | 6,421,314 | (660,758) | 5,760,556 | (7,650,049) |
| Accrued salaries, wages and benefits | 1,531,508 | 145,214 | 1,676,722 | 704,549 |
| Accrued liabilities | (3,649,028) | 2,107,110 | (1,541,918) | 9,344,023 |
| Due to other governments | 7,723,291 | (3,377,816) | 4,345,475 | 329,505 |
| Due to other funds | 2,517,058 | (3,806,175) | (1,289,117) | 3,470,020 |
| Obligation payable including accrued interest | (1,003,256) | (2,256,643) | (3,259,899) | (695,848) |
| Other liabilities | 65,573 | (12,028,750) | (11,963,177) | (20,863,314) |
| Net pension liability and deferred items | 681,673 | 1,219,978 | 1,901,651 | 6,703,433 |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | $ 252,814,487 | $ 265,463,622 | $ 518,278,109 | $ 513,665,457 |

(1) Represents local system retail receipts received in excess of DWSD's current year budget requirements. Amounts will be used to meet future budget requirements.

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

## GREAT LAKES WATER AUTHORITY

INDEX TO NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2025

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *ACCOUNTING AND REPORTING PRINCIPLES*

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

### *REPORTING ENTITY*

The Great Lakes Water Authority (GLWA or the Authority) is the regional wholesale provider of water and sewage disposal services in southeast Michigan. The Authority was incorporated by the counties of Macomb, Oakland, Wayne and the City of Detroit (the City) on November 26, 2014 pursuant to Act 233, Public Acts of Michigan, 1955, as amended (Act 233). Pursuant to Regional System Leases that became effective on January 1, 2016, the Authority assumed possession and control of the regional assets of both the water supply and sewage disposal systems owned by the City, which were previously operated by the Detroit Water and Sewerage Department (DWSD). The City, acting through DWSD, will continue to manage and operate its own local retail water and sewage disposal system infrastructure. The Regional System Leases assigned all revenues of both systems to the Authority for an initial term of 40 years and, pursuant to bondholder consent, replaced the City with GLWA as the obligor on all outstanding debt obligations of the City related to the systems.

The term "Regional System Leases" is used throughout the financial statements to represent the agreements that transferred the regional water system and sewage disposal system assets and operations from the City of Detroit to GLWA. The Regional System Leases are not considered a lease as defined by the Government Auditing Standards Board (GASB) in GASB Statement No. 87, *Leases*.

The Authority's water system is one of the largest in the United States, both in terms of water produced and population served. The water system currently serves an area of 1,674 square miles located in eight Michigan counties and an estimated population of approximately 3.8 million or approximately 38% of Michigan's population. Suburban wholesale customers comprise approximately 82% of the population in the service area, and the DWSD retail water customers comprise the remainder.

The Authority's sewage disposal system is one of the largest in the United States, both in terms of treatment capacity and population served. The sewer disposal system currently serves an area of 953 square miles located in three Michigan counties and an estimated population of approximately 2.8 million or approximately 28% of Michigan's population. Suburban customers comprise approximately 76% of the population in the service area, and the DWSD retail sewer customers comprise the remainder.

The Authority's Board is authorized to establish rates, fees and charges for its water supply and sewage disposal services. Under the Water and Sewer Services Agreement, the City is appointed as agent of the Authority for setting retail rates and for billing, collecting and enforcing the collection of charges from retail water and sewer customers. As an agent of the Authority, the City, through the Board of Water Commissioners and without further approval by the City Council, is required to set retail rates to meet the revenue requirements that the Authority establishes for the retail system for regional commitments as well as other reasonable costs of the local DWSD systems. Under certain conditions, the Authority may terminate the City's appointment.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### *GOVERNANCE*

The GLWA Board is composed of six voting members. Two members are residents of the City of Detroit and are appointed by the Mayor of the City of Detroit. The chief executive of the counties of Macomb, Oakland and Wayne each appoint one member who is a resident of the county from which appointed and the Governor of the State of Michigan appoints one member who is a resident of an area served by the Authority outside of the counties. All members of the GLWA Board must have at least seven years of experience in a regulated industry, a utility, engineering, finance, accounting or law firm. After the initial term specified in its Articles of Incorporation, each GLWA Board member is appointed for a four-year term and serves at the pleasure of the appointing government.

The GLWA Board has adopted a committee structure. Four committees have been established: Audit, Capital Improvement Planning, Operations and Resources, and Legal.

### *BASIS OF PRESENTATION*

The Authority presents a water enterprise fund and a sewage disposal enterprise fund for its basic financial statements which consists of a statement of net position, statement of revenues, expenses and changes in net position, a statement of cash flows and these notes to the financial statements.

### *COMPARATIVE INFORMATION*

The basic financial statements include certain prior-year comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

### *BASIS OF ACCOUNTING*

The accounting policies of the Authority conform to GAAP as applicable to governmental entities. The accounts of the Authority are used to account for its activities, which are financed and operated in a manner similar to a private business enterprise. Accordingly, the Authority maintains its records on the accrual basis of accounting. Revenues from operations, investments and other sources are recorded when earned. Expenses (including depreciation) of providing services are accrued when incurred.

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include contributions and grants. On an accrual basis, revenue from contributions and grants is recognized in the fiscal year in which all eligibility requirements have been satisfied, including timing and expense requirements. Timing requirements specify the year when the resources are required to be used or the fiscal year when use is first permitted. Expense requirements specify the year in which the resources are provided to the Authority on a reimbursement basis.

### *ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION*

*Cash and Cash Equivalents and Investments*

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value or estimated value. The Authority maintains and adheres to a formal investment policy in accordance with Michigan Public Act 20 of 1943, Investment of Surplus Funds of Political Subdivisions. Michigan State law allows the Authority to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances and mutual funds composed of otherwise legal investments. These investments are subject to interest rate risk and credit risk which may affect the value at which these investments are recorded.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

*Restricted Assets*
Restricted assets are those assets set aside as required by the Authority's Master Bond Ordinance (MBO), funds held on behalf of another entity, or where legally restricted for a particular purpose such as bond proceeds for the capital program. See Note 4 for further details.

*Accounts Receivable, Net*
The Authority records unbilled revenues for services provided prior to year-end by accruing actual revenues billed in the subsequent month. The Authority recognizes an estimate of uncollectible accounts for its customer accounts receivable related to its water and sewage disposal services.

*Due from and Due to Other Governments*
The due from other governments includes amounts owed to the Authority by DWSD for shared services and intergovernmental agreements, accrued interest receivable on the contractual obligation receivable and grants. The due to other governments includes amounts owed by the Authority to DWSD for shared services and the green infrastructure program.

*Due from and Due to Other Funds*
An amount owed between the Water and Sewage Disposal Funds based on shared centralized and administrative services administered by the Water Fund and allocated to the Sewage Disposal Fund. Any water system usage of inventory in the Sewage Disposal Fund is charged through an interfund payable to the Sewage Disposal Fund.

*Contractual Obligation Receivable*
Pursuant to the Water and Sewer Services Agreement, the City through DWSD is responsible for paying the portion of debt service on the bonds assumed by the Authority that were issued to finance the cost of improvements to the Detroit local facilities. The resulting contractual obligation is a receivable recorded by the Authority and is repaid by DWSD based upon an agreed upon schedule. Any new debt issued on behalf of the City for DWSD is also included in the contractual obligation receivable.

*Prepaid Items and Other Assets*
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Other assets include accrued interest receivable on investments.

*Inventories*
Inventories primarily consist of operating, maintenance and repair parts for sewage disposal system assets and are valued at the lower of cost or market, with cost being determined on an average cost method. Inventory is recorded as an expense when consumed rather than when purchased. The water fund does not report inventory because the amounts are insignificant and for efficiency are recorded in the sewage disposal fund. Any inventory usage by the water fund is charged through an interfund payable to the sewage disposal fund.

*Prepaid Lease*
As described in Note 13, the Authority has recorded a prepaid lease for cash paid to DWSD on the date GLWA began operations equivalent to six months of lease payments. As noted in the 2018 MOU dated June 2018, this amount will be applied at the end of the 40-year term and, hence, it is classified as a noncurrent asset.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

*Capital Assets*
Capital assets are recorded at historical cost. All acquisitions of land and land improvements are capitalized regardless of cost. The capitalization threshold is $5,000 for capital assets with an estimated useful life greater than one year, except for information technology assets and the right to use lease assets. The capitalization threshold for information technology assets is $1,000,000 with an estimated useful life greater than three years. Subscription-Based Information Technology Arrangement (SBITA) contracts greater than $1,000,000 are analyzed for the both the quantitative and qualitative aspects of materiality to determine if they will be recorded as an intangible asset under GASB 96. Right to use lease assets have a capitalization threshold of $1,000,000 for leases greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets acquired after January 1, 2016 are depreciated on the straight-line basis over the useful life of the assets as follows:

| | Useful Lives (In Years) |
|---|---|
| Site improvements | 15 |
| Buildings and structures | 20-50 |
| Infrastructure | 80 |
| Machinery and equipment | 3-20 |
| Vehicles | 5-7 |
| Leasehold improvements | 15 |

Capital assets acquired as of the operational effective date of the Authority at January 1, 2016 are depreciated over their estimated remaining useful lives at that time as determined by a third-party valuation. These remaining lives differ from the years cited above for newly acquired capital assets and, in most instances, are significantly shorter.

The Authority has recorded an intangible asset for raw water rights which is being amortized on a straight-line basis over 30 years in the water fund. See Note 9 for a description of these rights. The Authority has recorded a right to use intangible asset for the lease of a warehouse in the sewage disposal fund. The Authority has also recorded an intangible asset for subscription-based information technology arrangements in both the water and sewage disposal fund. See Note 14 "Lease Payable – Warehouse" and the "Subscription Liability – Right To Use Asset" for a description of these assets.

*Deferred Outflows of Resources*
In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods. At that time, the activity will be recognized as an outflow of resources (or expense). The Authority reports deferred outflows of resources for two items: deferred charges on refunding and pension amounts. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price; these amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources from pension amounts relate to differences between expected and actual investment returns and contributions to the plan subsequent to the plan measurement date. More detailed information on pension amounts can be found in Note 17.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

*Accrued Liabilities*
Accrued liabilities represent amounts held for specific purposes or other parties as described below:

- Under the terms of the MBO, the Authority retains cash on hand for the benefit of DWSD to be used for current revenue requirements.
- Amounts owed to the WRAP service delivery partners for WRAP expenses incurred.
- Advanced billings on rentals

*Revenue Bonds and Loans*
The Authority issues revenue bonds to finance capital improvement projects, refund outstanding bonds to reduce future debt service payment and pay the cost of issuance. Loans are direct borrowings through the State of Michigan revolving fund loan program. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. See Note 12 for the details on revenue bonds and loans.

*Raw Water Rights Obligation*
The Authority has recorded a liability for the purchase obligation on raw water rights. See Note 12 for the details of this obligation.

*BC Note Obligation*
Under the terms of the lease agreements with the City, the Authority is required to pay a portion of the City's B and C notes allocated to the regional water and sewage disposal systems. See "BC Note Obligation" in Note 12.

*Regional System Leases*
The effective date of the Regional System leases by the City to the Authority for the leased water and sewage disposal facilities was January 1, 2016. See Note 13 for the details of the regional system leases.

*Other Liabilities*
Other liabilities include the following liabilities which are discussed in Note 14:

- Lease payable – Warehouse
- Subscription liability – right to use asset
- Compensated absences
- Workers' compensation
- Claims and judgements
- DWSD local system capital contribution from the Evergreen-Farmington Sanitary Drain Drainage District (EFSD)
- Cash held for the benefit of DWSD budget stabilization

*Net Pension Liability*
Under the terms of the Regional System leases, the Authority is a nonemployer contributing entity in the City of Detroit General Employee's Retirement system (GRS) Component II plan in a special funding situation. For the purposes of measuring the net pension liability, deferred outflows, and pension expense, information about the fiduciary net position of the Component II plan of the GRS and additions to and deductions from the plan's net position have been determined on the same basis as they are reported by GRS. The GRS combined plan uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred. Plan member contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value or estimated fair value. Refer to Note 17 for additional information on the net pension liability.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont.)

*Deferred Inflows of Resources*
In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods. At that time, the activity will be recognized as an inflow of resources (or revenues). The Authority has included the deferred gain on refunding and deferred amounts on swap terminations amounts in this reporting category. Deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price; these amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts on swap terminations were assumed as part of the regional system lease agreements with the City. The amounts will be fully amortized for both funds by fiscal 2035.

*Net Position (Deficit)*
Net position, which represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, is reported in three components as follows:

*Net Investment in Capital Assets* - consists of capital assets, net of accumulated depreciation and reduced by the balance of outstanding related debt including the share of the regional system lease liability allocable to the net investment in capital assets acquisition value of the regional systems recorded under GASB 69.

*Restricted* – consists of amounts that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The restricted net position consists of restricted assets reduced by liabilities related to those assets.

*Unrestricted* – is the residual balance of net position after net investment in capital assets and restricted.

When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed.

***STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION***

*Classification of Revenues and Expenses*
The Authority classifies its revenues and expenses as either operating or nonoperating.

Operating revenues are those revenues generated from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are wholesale charges for providing water and wastewater treatment. The local system charges are the charges to the City of Detroit under the Water and Sewer Services Agreement (WSSA), dated June 12, 2015. Wholesale customer charges are shown net of loss contingency expense of $2,245,546 for the Water Fund and $8,751 for the Sewage Disposal Fund.

Operating expenses include the direct costs of operating the water and sewage disposal systems, centralized support, utilities, administrative expenses, depreciation on capital assets and amortization of intangible assets. The following items are shown as a reduction to operating expenses:

- The capital program allocation represents personnel costs that support the project delivery of the Capital Improvement Plan and have been capitalized.
- Intergovernmental reimbursements represent reimbursement of costs related to shared facilities and personnel which the Authority provides to DWSD through a shared services agreement or separate interlocal agreement. It also includes reimbursement of costs for contracted services that are billed to member partners under an intergovernmental agreement.

All revenue and expenses not meeting these definitions above are reported as nonoperating revenues and expenses.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

*Taxes*
The Authority pays no direct federal or state taxes except for Social Security and Medicare taxes. The Authority pays a local tax bill for maintenance charges on a county drain and an international local tax on leased property as part of the lease agreement.

*Interest Income from Other Receivables*
Interest income is the interest earned on the contractual obligation receivable.

*Amortization of Debt Related Items and Cost of Issuance*
Bond premiums, discounts, and gains or losses on refunding are deferred and amortized over the life of the bonds. Bond premiums, discounts and GASB 69 debt value adjustment are amortized using the effective interest method. The deferred amounts on refunding are amortized using the straight-line method. Debt cost of issuance is expensed when incurred.

*Legacy Pension Expense*
GLWA is legally responsible for making contributions to a legacy pension plan of another entity, see Note 17 for additional information on this Plan.

*Water Residential Assistance Program (WRAP)*
The Water Residential Assistance Program is a unique program that started with the formation of GLWA. The program provides that an amount equal to half of one percent of GLWA Regional Systems revenue be set aside to provide assistance to qualified residents in participating communities across southeast Michigan. The amount expensed represents the amount expended for this purpose during the year. Amounts set aside and not spent are shown as restricted cash. Information on restricted assets is disclosed in Note 4.

*Other*
The largest item in the other nonoperating revenue (expenses) is debt forgiveness of $18.4 million in the sewage disposal fund. The remaining items in this category are gains and losses on disposal of assets, administrative fees for the GRS pension, and miscellaneous other items.

*Centralized Services and Administrative Services*
Certain costs incurred by the Authority are allocated between the Water and Sewage Disposal Funds. The allocations are based on an annual cost allocation analysis. The following table shows the allocation of these common costs for the year ended June 30, 2025:

| Common Costs | Water % Allocation | Water Allocation | Sewer % Allocation | Sewer Allocation | Total Common Costs |
|---|---|---|---|---|---|
| Centralized services | 51.9% | $ 63,779,190 | 48.1% | $59,089,584 | $ 122,868,774 |
| Administrative services | 46.1% | $ 18,431,448 | 53.9% | $21,551,487 | $ 39,982,935 |

Centralized services includes the following operating areas: system resiliency, planning services, systems control, facility operations, fleet operations, field service operations, energy research and innovation, transformation, information technology and security and integrity.

Administrative services includes the following operating areas: board of directors, chief executive officer, chief administrative and compliance officer, general counsel, public affairs, organizational development, and financial services.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

*Capital Contribution*
Capital contributions of $3,348,636 in the water fund and $15,260,416 in the sewage disposal fund were grants received for capital projects.

The current wastewater disposal service contract with the Oakland-Macomb Interceptor Drain Drainage District (OMIDD) provides for OMIDD to maintain, repair, and improve Interceptor PCI-5, the Northeast Sewer Pump Station and the North Interceptor East Arm, which are related to the capital assets in the Regional Sewage Disposal System Lease (See Note 14). During the fiscal year ending June 30, 2025, OMIDD transferred to GLWA and GLWA accepted and placed into service capital assets of $22,083,722 which has been recognized as a capital contribution in the sewage disposal fund.

### *USE OF ESTIMATES*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *ADOPTION OF NEW ACCOUNTING STANDARDS*

The following GASB pronouncements were implemented in the current fiscal year:

Statement No. 104, *Disclosure of Certain Capital Assets (effective for fiscal years beginning after June 15, 2025)*. The Authority was already disclosing the separate disclosure of certain capital assets as required by this standard. Our capital asset note will now disclose if there are any capital assets for sale.

### *NEW ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN THE FUTURE*

The following GASB pronouncement will be implemented in the future. The Authority has not completed its assessment of the future impact of the adoption of this statement, if any.

- Statement No. 103, *Financial Reporting Model Improvements (effective for fiscal years beginning after June 15, 2025)*

### *RECLASSIFICATIONS*

Certain prior year amounts have been reclassified to conform to current year presentation.

## NOTE 2 – BUDGETARY INFORMATION

The financial activity of the Authority is presented in two enterprise funds. While enterprise funds are not required under State statutes to adopt appropriated budgets, the Authority's Articles of Incorporation outlines a budget adoption process. Budget to actual schedules for revenues and expenses are presented in the Supplementary Information section of this report. This schedule is not required by GAAP or subject to audit procedures. It is presented strictly for informational purposes.

### *BUDGET PROCESS*

GLWA adopts a biennial budget for the regional water and sewage disposal systems as required by its Articles of Incorporation. The revenue requirements budget is adopted separately for the water and sewerage disposal systems. It is the sum of: a) operation and maintenance expenses; b) amounts necessary to pay the principal of and interest on all bonds and to fund any reserves required by the Master Bond Ordinances; c) the Regional Systems lease payments, which shall be a common-to-all charge; d) GLWA's portion of the GRS net pension liability and the BC Note obligations; e) the required deposit to the Water Residential Assistance Program (WRAP) Fund; f) the amounts needed to make the required deposits to the regional Extraordinary Repair and Replacement Reserve Fund as defined in the Master Bond Ordinance; g) deposits to the regional Improvement and Extension Funds; and h) the amount necessary to satisfy the coverage ratios required by the rate covenant in the Master Bond Ordinance.

As provided in the Regional System leases, through the fiscal year ending June 30, 2025, the water and sewage disposal systems are limited to annual increases in the regional revenue requirement of not more than 4%. This limitation shall not be applicable if the regional revenue requirement must increase beyond the 4% assumption in order to satisfy the rate covenant or to pay the cost of improvements to the leased water and/or sewage disposal facilities that are required to be made by applicable laws.

In the Regional System leases, the City acknowledges that all local water and sewer system revenues received from customers in the City are the property of GLWA and will be deposited as received in the Receiving Fund as defined in the Master Bond Ordinance and applied as provided in the Bond Ordinance. As a result, the City agrees to provide the Authority with a budget for the local water and sewage disposal system as required in the Water and Sewer Services Agreement.

### *SCHEDULE OF CHARGES PROCESS*

The GLWA Wholesale Customer Model Water Contract and GLWA Wholesale Customer Model Sewer Contract requires that GLWA provide wholesale customers with written notice of a proposed charge, meet to review the proposed charge, and the underlying data used to calculate the charge not less than 30 calendar days prior to a public hearing. Further, the contract requires that a public hearing be held no less than 120 days prior to the date that proposed charges take effect.

The Water and Sewer Services Agreement between GLWA and DWSD requires that GLWA provide the City with written notice of the proposed charge and the underlying data used to calculate the charge not less than 120 calendar days prior to the effective date of any new charge.

## NOTE 3 – CASH DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The deposits and investments of the Authority at June 30, 2025 are reported in the basic financial statements as follows:

| | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| **Statement of Net Position** | | | |
| Cash and cash equivalents | $ 207,381,565 | $ 228,149,918 | $ 435,531,483 |
| Restricted cash and cash equivalents | 58,223,438 | 93,453,897 | 151,677,335 |
| Restricted cash for the benefit of DWSD | 23,814,008 | 33,764,024 | 57,578,032 |
| Investments | 99,043,449 | 120,925,966 | 219,969,415 |
| Restricted investments | 123,128,174 | 129,190,790 | 252,318,964 |
| Noncurrent restricted cash and cash equivalents | 269,831,486 | 151,979,449 | 421,810,935 |
| Noncurrent restricted investments | 1,892,680 | 5,176,154 | 7,068,834 |
| **Total** | $ 783,314,800 | $ 762,640,198 | $ 1,545,954,998 |
| **Cash deposits and investments** | | | |
| Bank deposits - checking and savings accounts | $ 49,697,677 | $ 32,232,862 | $ 81,930,539 |
| Money market accounts | 509,552,820 | 475,114,426 | 984,667,246 |
| Investments in securities | 224,064,303 | 255,292,910 | 479,357,213 |
| **Total** | $ 783,314,800 | $ 762,640,198 | $ 1,545,954,998 |

### *CUSTODIAL RISK OF BANK DEPOSITS*

Deposits and money market accounts are exposed to custodial credit risk if they are not covered by depository insurance. At year-end, the carrying amount of the Authority's deposits and money market accounts was $559,250,497 for the water fund and $507,347,288 for the sewage disposal fund. The bank balance of the water fund deposits and money market accounts was $557,422,413 of which $538,472,628 was uninsured and uncollateralized. The bank balance of the sewage disposal fund deposits and money market accounts was $507,334,400 of which $507,084,400 was uninsured and uncollateralized.

In accordance with the Authority's investment policy and State law, all deposits are held in the Authority's name and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the Authority believes it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

## NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

### *INVESTMENTS*

Following is a summary of the Authority's investments as of June 30, 2025:

| | Amount | Standard & Poors Rating | Weighted Maturity in Years |
|---|---|---|---|
| **Water Fund** | | | |
| U.S. treasuries | $ 117,811,129 | AAA/AA+ | 0.83 |
| Commerial paper | 106,253,174 | A1 | 0.02 |
| Total Water Fund | $ 224,064,303 | | |
| **Sewage Disposal Fund** | | | |
| U.S. treasuries | $ 146,447,120 | AAA/AA+ | 0.86 |
| Commerial paper | 108,845,790 | A1 | 0.04 |
| Total Sewage Disposal Fund | $ 255,292,910 | | |
| **Total Business-type Activities** | | | |
| U.S. treasuries | $ 264,258,249 | AA+ | 0.85 |
| Commerial paper | 215,098,964 | A1 | 0.03 |
| Total Business-type Activities | $ 479,357,213 | | |

### *CUSTODIAL RISK OF INVESTMENTS*

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the Authority's investment policy, all investments are held in the name of the Authority and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

### *CREDIT RISK*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy and State law require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations.

As of June 30, 2025, all of the Authority's investments in securities of U.S. agencies were rated AA+ or AAA by Standard & Poor's and AAA by Moody's. The Authority's commercial paper was rated A1 by Standard and Poor's and P1 by Moody's. U.S Treasury notes are explicitly guaranteed by the U.S. government and not considered to have credit risk. The Authority's money market accounts were not rated.

**NOTE 3 – CASH DEPOSITS AND INVESTMENTS** (cont.)

***CONCENTRATION OF CREDIT RISK***

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In order to manage its exposure risk, the Authority's investment policy requires diversification by security type to no more than 50% of the total investment portfolio.

At June 30, 2025, the Authority had greater than 5% of its total investment portfolio concentrated as follows:

| Investment Type | Issuer | % of Portfolio |
|---|---|---|
| **Water Fund** | | |
| Commercial paper | Cooperatieve Rabobank | 5.85% |
| Commercial paper | Credit Agricole Corp | 5.02% |
| Commercial paper | Great Bear Funding | 5.29% |
| Commercial paper | LLoyds Bank PLC | 5.43% |
| Commercial paper | MUFG Bank LTD NY | 6.13% |
| Commercial paper | Sumitomo Mitsu \| Singapore | 6.69% |
| **Sewage Disposal Fund** | | |
| Commercial paper | JPMorgan Securities | 7.07% |
| Commercial paper | LLoyds Bank PLC | 5.03% |
| Commercial paper | Royal Bank of Canada | 6.86% |

***INTEREST RATE RISK***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. As a means of limiting its exposure to fair value losses due to rising interest rates, the Authority's investment policy limits the maximum maturity period to no more than five years, unless matched to a particular cash flow need. The Authority's investment policy further provides risk will be minimized by matching investments with short and long-term cash flow requirements, and monitoring the maturity dates of individual securities and the weighted average maturity of the investment portfolio to ensure duration is commensurate with the cash flow requirements.

***FAIR VALUE MEASUREMENTS***

The Authority categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The Authority is required to classify certain assets and liabilities based on the following fair value hierarchy:

Level 1: Quoted price in active markets for identical assets.

Level 2: Inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Debt securities are priced based on a compilation of primarily observable market information or broker quote in non-active market.

Level 3: Inputs are significant unobservable inputs.

## NOTE 3 – CASH DEPOSITS AND INVESTMENTS (cont.)

The following is a summary of the Authority's investments at fair value by level as of June 30, 2025:

| | Level 1 | Level 2 |
|---|---|---|
| **Water Fund** | | |
| U.S. treasuries | $ 117,811,129 | $ - |
| Commerial paper | - | 106,253,174 |
| Total Water Fund | 117,811,129 | 106,253,174 |
| **Sewage Disposal Fund** | | |
| U.S. treasuries | 146,447,120 | - |
| Commerial paper | - | 108,845,790 |
| Total Sewage Disposal Fund | 146,447,120 | 108,845,790 |
| Total Business-type Activities | $ 264,258,249 | $ 215,098,964 |

The Authority has no Level 3 inputs on June 30, 2025.

## NOTE 4 – RESTRICTED ASSETS

Restricted assets, comprised of cash and investments, are available for debt service on revenue bonds and to provide funds for improvements, enlargements, extensions and construction. In accordance with the provisions of the Master Bond Ordinance and Regional System Leases, the Authority follows a sequential flow of funds in segregated accounts through which revenue receipts are deposited and are maintained at certain levels in satisfaction of all legal requirements.

## NOTE 4 – RESTRICTED ASSETS (cont.)

The following schedules provide, in the order of the flow of funds per the Master Bond Ordinance, the assignment of Water and Sewage Disposal Funds cash and investments between restricted and unrestricted assets based on the source of the monies as of June 30, 2025.

| | Funded from Revenue and Other | | Funded from Debt Issuance | |
|---|---|---|---|---|
| | Unrestricted | Restricted | Restricted | Total |
| **Water Fund** | | | | |
| Receiving fund | $ 56,291,976 * | $ - | $ - | $ 56,291,976 |
| Operations and maintenance | 61,775,865 | - | - | 61,775,865 |
| Senior lien debt service | - | 93,411,386 | - | 93,411,386 |
| Second and junior lien debt service | - | 43,839,854 | - | 43,839,854 |
| Legacy pension obligation | - | 1,626,353 | - | 1,626,353 |
| Water residential assistance program (WRAP) | - | 2,557,478 | - | 2,557,478 |
| Budget stabilization | - | 2,000,000 | - | 2,000,000 |
| Extraordinary repair and replacement | 34,856,064 | - | - | 34,856,064 |
| Improvement and extension - regional | 153,501,109 | - | - | 153,501,109 |
| Total - Reserves Defined by Ordinance | 306,425,014 | 143,435,071 | - | 449,860,085 |
| Cash held for the benefit of DWSD | - | 23,814,008 | - | 23,814,008 |
| Construction retainage | | 21,772,470 | | 21,772,470 |
| Construction funds | - | - | 287,868,237 | 287,868,237 |
| Total Cash, Cash Equivalents and Investments Water Fund | $ 306,425,014 | $ 189,021,549 | $ 287,868,237 | $ 783,314,800 |

* Balance includes funds sufficient for two months of required Master Bond Ordinance transfers

## NOTE 4 – RESTRICTED ASSETS (cont.)

| | Funded from Revenue and Other | | Funded from Debt Issuance | |
|---|---|---|---|---|
| | Unrestricted | Restricted | Restricted | Total |
| **Sewage Disposal Fund** | | | | |
| Receiving fund | $ 69,194,496 * | $ - | $ - | $ 69,194,496 |
| Operations and maintenance | 61,534,551 | - | - | 61,534,551 |
| Senior lien debt service | - | 109,292,769 | - | 109,292,769 |
| Second and junior lien debt service | - | 48,447,367 | - | 48,447,367 |
| Legacy pension obligation | - | 2,214,826 | - | 2,214,826 |
| Water residential assistance program (WRAP) | - | 3,052,017 | - | 3,052,017 |
| Budget stabilization | - | 5,500,000 | - | 5,500,000 |
| Extraordinary repair and replacement | 44,476,320 | - | - | 44,476,320 |
| Improvement and extension - regional | 173,870,517 | - | - | 173,870,517 |
| Total - Reserves Defined by Ordinance | 349,075,884 | 168,506,979 | - | 517,582,863 |
| Cash held for the benefit of DWSD | - | 33,764,024 | - | 33,764,024 |
| Construction deposit intergovernmental | - | 7,835,487 | - | 7,835,487 |
| Construction retainage and deposits | - | 26,099,528 | - | 26,099,528 |
| Construction funds | - | - | 177,358,296 | 177,358,296 |
| Total Cash, Cash Equivalents and Investments Sewage Disposal Fund | 349,075,884 | 236,206,018 | 177,358,296 | 762,640,198 |
| Total Cash, Cash Equivalents and Investments – Business-type Activities | $ 655,500,898 | $ 425,227,567 | $ 465,226,533 | $ 1,545,954,998 |

* Balance includes funds sufficient for two months of required Master Bond Ordinance transfers

## NOTE 4 – RESTRICTED ASSETS (cont.)

A reconciliation of restricted assets to restricted net position is as follows:

| | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| Restricted assets from schedule above | | | |
| From revenue and other | $ 189,021,549 | $ 236,206,018 | $ 425,227,567 |
| From debt issuance | 287,868,237 | 177,358,296 | 465,226,533 |
| Amounts payable for liabilities and debt | (385,341,418) | (296,826,574) | (682,167,992) |
| Restricted Net Position | $ 91,548,368 | $ 116,737,740 | $ 208,286,108 |
| Restricted net position for: | | | |
| Construction | $ - | $ 2,327,795 | $ 2,327,795 |
| Debt service | 90,366,871 | 113,285,692 | 203,652,563 |
| Payment assistance program | 1,181,497 | 1,124,253 | 2,305,750 |
| Total Restricted Net Position | $ 91,548,368 | $ 116,737,740 | $ 208,286,108 |

The following summary reconciles the above cash and investment balances with the balances per the Statement of Net Position. The allocation of restricted balances to current and noncurrent categories is not intended to directly align with the funding source allocation included in the schedule.

| | Unrestricted | Restricted Current | Restricted Noncurrent | Total |
|---|---|---|---|---|
| ***Water Fund*** | | | | |
| Cash and cash equivalents | $ 207,381,565 | $ 58,223,438 | $ 269,831,486 | $ 535,436,489 |
| Cash held for the benefit of DWSD | - | 23,814,008 | - | 23,814,008 |
| Investments | 99,043,449 | 123,128,174 | 1,892,680 | 224,064,303 |
| Total Water Fund | 306,425,014 | 205,165,620 | 271,724,166 | 783,314,800 |
| ***Sewage Disposal Fund*** | | | | |
| Cash and cash equivalents | 228,149,918 | 93,453,897 | 151,979,449 | 473,583,264 |
| Cash held for the benefit of DWSD | - | 33,764,024 | - | 33,764,024 |
| Investments | 120,925,966 | 129,190,790 | 5,176,154 | 255,292,910 |
| Total Sewage Disposal Fund | 349,075,884 | 256,408,711 | 157,155,603 | 762,640,198 |
| Total Business-type Activities | $ 655,500,898 | $ 461,574,331 | $ 428,879,769 | $ 1,545,954,998 |

## NOTE 5 – RECEIVABLES, NET

The following is a summary of the net receivables as of June 30, 2025:

| | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| Receivables, net: | | | |
| Billed | $ 45,998,943 | $ 15,375,836 | $ 61,374,779 |
| Unbilled | 31,761,275 | 25,403,376 | 57,164,651 |
| Other | 58,504 | 1,223 | 59,727 |
| Subtotal | 77,818,722 | 40,780,435 | 118,599,157 |
| Allowance for doubtful accounts | (8,245,546) | (15,364) | (8,260,910) |
| Total Receivables, net | $ 69,573,176 | $ 40,765,071 | $ 110,338,247 |

## NOTE 6 – DUE FROM OTHER GOVERNMENTS

Due from other governments in the statement of net position are as follows:

| | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| DWSD-Billed shared services and agreements | $ 1,057,186 | $ 730,182 | $ 1,787,368 |
| DWSD-Unbilled shared services and agreements | 8,781 | 783,177 | 791,958 |
| DWSD-Accrued interest on obligation receivable | 316,643 | 18,427 | 335,070 |
| Intergovernmental agreements and other | 223,759 | - | 223,759 |
| Grants-Federal and State | 623,389 | 5,688,384 | 6,311,773 |
| State of Michigan FEMA | 95,470 | 2,253,741 | 2,349,211 |
| Total Due From Other Governments | $ 2,325,228 | $ 9,473,911 | $ 11,799,139 |

## NOTE 7 – DUE TO AND DUE FROM OTHER FUNDS

Interfund balances result from the time lag between the dates the interfund reimbursements occur and the payment between the funds are made. Interfund balances for the year ended June 30, 2025 consisted of the following:

| | Water Fund Due from Sewage Disposal Fund | Sewage Disposal Fund Due from Water Fund | Total Due To |
|---|---|---|---|
| Water Fund - Due to Sewage Disposal Fund | $ - | $ 4,678,784 | $ 4,678,784 |
| Sewage Disposal Fund - Due to Water Fund | 749,587 | - | 749,587 |
| Total Due From | $ 749,587 | $ 4,678,784 | $ 5,428,371 |

## NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE

As part of the regional system lease transaction, in which GLWA leased the regional water and sewage disposal system from the City of Detroit, all DWSD revenue bonds outstanding as of December 31, 2015, including those purchased by the Michigan Finance Authority under its state revolving loan program, were assumed by GLWA with the consent of bondholders. The total bonds assumed by GLWA on January 1, 2016 totaled $2,313,683,761 for the Water Fund and $3,291,282,050 for the Sewage Disposal Fund.

Per the lease agreements, the WSSA and the MBO, the Detroit retail class continues to pay its common-to-all share of debt service revenue requirements and its allocated share of debt service revenue requirements associated with improvements to the local water and sewage disposal systems. Payments on the debt service incurred by GLWA on the outstanding revenue bonds assumed as of December 31, 2015 are to be allocated using an agreed-upon percentage of total debt service associated with bond-financed local improvements over the life of such bonds, though the bonds themselves continue to be secured by the net revenue of GLWA, and the net revenues of the Detroit retail class. The MOU dated June 27, 2018 defines an agreed upon allocation and amortization schedule. This allocated debt is referred to as “Bifurcated debt” in the table below. Any additional debt issued by GLWA on behalf of the local system is also included in the obligation receivable. DWSD is billed monthly for the debt requirements on a debt set-aside basis so the funds are available when the associated debt payment is due.

## NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE (cont.)

Changes in obligation receivable for the year ended June 30, 2025 were as follows:

| | Beginning Balance | Increase | Decrease | Debt Forgiveness | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|---|
| **Water Fund** | | | | | | |
| Obligation Receivable | | | | | | |
| Bifurcated debt | $ 336,136,600 | $ - | $ (17,438,700) | $ - | $ 318,697,900 | $ 18,268,800 |
| New money bonds | 134,650,000 | - | (1,765,000) | - | 132,885,000 | 1,845,000 |
| State revolving fund loans | 62,193,369 | 1,800,271 | (1,980,350) | (943,208) | 61,070,082 | 1,930,400 |
| Total Obligation Receivable | 532,979,969 | 1,800,271 | (21,184,050) | (943,208) | 512,652,982 | 22,044,200 |
| Deferred amounts for: | | | | | | |
| Unamortized premiums | 17,302,991 | - | (806,043) | - | 16,496,948 | 814,464 |
| Total Water Fund | 550,282,960 | 1,800,271 | (21,990,093) | (943,208) | 529,149,930 | 22,858,664 |
| **Sewage Disposal Fund** | | | | | | |
| Obligation Receivable | | | | | | |
| Bifurcated debt | 271,560,100 | - | (14,512,900) | - | 257,047,200 | 15,141,400 |
| New money bonds | 74,225,000 | - | (1,665,000) | - | 72,560,000 | 1,750,000 |
| State revolving fund loans | 1,346,149 | 3,506,268 | (445,000) | (1,181,665) | 3,225,752 | 450,000 |
| Total Obligation Receivable | 347,131,249 | 3,506,268 | (16,622,900) | (1,181,665) | 332,832,952 | 17,341,400 |
| Deferred amounts for: | | | | | | |
| Unamortized premiums | 7,735,944 | - | (426,502) | - | 7,309,442 | 427,189 |
| Total Sewage Disposal Fund | 354,867,193 | 3,506,268 | (17,049,402) | (1,181,665) | 340,142,394 | 17,768,589 |
| **Total Business-type Activities** | $ 905,150,153 | $ 5,306,539 | $ (39,039,495) | $ (2,124,873) | $ 869,292,324 | $ 40,627,253 |

**NOTE 8 – CONTRACTUAL OBLIGATION RECEIVABLE** (cont.)

The current obligation receivable payment schedule is as follows:

| | Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|---|
| **Water Fund** | | | | |
| | 2026 | $ 22,044,200 | $ 23,071,866 | $ 45,116,066 |
| | 2027 | 23,051,900 | 22,069,987 | 45,121,887 |
| | 2028 | 24,096,000 | 21,021,045 | 45,117,045 |
| | 2029 | 25,208,400 | 19,923,025 | 45,131,425 |
| | 2030 | 26,341,300 | 18,773,253 | 45,114,553 |
| | 2031-2035 | 150,998,400 | 74,647,287 | 225,645,687 |
| | 2036-2040 | 120,527,300 | 38,243,088 | 158,770,388 |
| | 2041-2045 | 73,965,377 | 20,614,708 | 94,580,085 |
| | 2046-2050 | 43,185,867 | 4,197,423 | 47,383,290 |
| | 2051-2052 | 3,234,238 | 87,579 | 3,321,817 |
| Total Water Fund | | 512,652,982 | 242,649,261 | 755,302,243 |
| **Sewage Disposal Fund** | | | | |
| | 2026 | 17,341,400 | 14,821,406 | 32,162,806 |
| | 2027 | 18,092,000 | 14,067,095 | 32,159,095 |
| | 2028 | 18,876,000 | 13,282,339 | 32,158,339 |
| | 2029 | 19,699,600 | 12,463,289 | 32,162,889 |
| | 2030 | 20,554,100 | 11,608,195 | 32,162,295 |
| | 2031-2035 | 115,287,852 | 43,888,267 | 159,176,119 |
| | 2036-2040 | 88,212,000 | 17,496,600 | 105,708,600 |
| | 2041-2045 | 20,120,000 | 6,778,250 | 26,898,250 |
| | 2046-2048 | 14,650,000 | 1,489,000 | 16,139,000 |
| Total Sewage Disposal Fund | | 332,832,952 | 135,894,441 | 468,727,393 |
| **Total Business-type Activities** | | $ 845,485,934 | $ 378,543,702 | $ 1,224,029,636 |

## NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Water Fund** | | | | | |
| Nondepreciable and nonamortizable capital assets | | | | | |
| Land | $ 34,477,659 | $ - | $ - | $ - | $ 34,477,659 |
| Easements | 259,146,066 | - | - | - | 259,146,066 |
| Construction in progress | 412,631,562 | 156,209,178 | - | (20,934,648) | 547,906,092 |
| Prepaid subscription assets | 2,290,046 | 787,672 | - | (2,764,197) | 313,521 |
| Total Nondepreciable and Nonamortizable Capital Assets | 708,545,333 | 156,996,850 | - | (23,698,845) | 841,843,338 |
| Depreciated and amortized capital assets | | | | | |
| Site improvements | 82,863,308 | 337,287 | - | 2,995,262 | 86,195,857 |
| Buildings and structures | 613,476,265 | 252,425 | - | 5,630,577 | 619,359,267 |
| Infrastructure | 791,207,441 | - | - | 4,899,232 | 796,106,673 |
| Machinery and equipment | 874,929,241 | 6,953,720 | - | 7,409,577 | 889,292,538 |
| Vehicles | 6,742,435 | 1,339,609 | (85,569) | - | 7,996,475 |
| Leasehold improvements | 8,422,223 | - | - | - | 8,422,223 |
| Raw water rights | 106,999,919 | - | | - | 106,999,919 |
| Subscription assets | 5,188,849 | 575,956 | | 2,764,197 | 8,529,002 |
| Total Depreciable and Amortizable Assets | 2,489,829,681 | 9,458,997 | (85,569) | 23,698,845 | 2,522,901,954 |
| Less: Accumulated depreciation and amortization | | | | | |
| Site improvements | (65,062,001) | (2,412,498) | - | - | (67,474,499) |
| Buildings and structures | (243,566,497) | (19,159,126) | - | - | (262,725,623) |
| Infrastructure | (313,713,503) | (18,695,232) | - | - | (332,408,735) |
| Machinery and equipment | (471,549,872) | (53,103,232) | - | - | (524,653,104) |
| Vehicles | (3,592,517) | (1,005,916) | 85,569 | - | (4,512,864) |
| Leasehold improvements | (2,280,174) | (552,081) | - | - | (2,832,255) |
| Raw water rights | (23,480,538) | (3,566,664) | - | - | (27,047,202) |
| Subscription assets | (415,108) | (1,383,840) | - | - | (1,798,948) |
| Total Accumulated Depreciation and Amortization | (1,123,660,210) | (99,878,589) | 85,569 | - | (1,223,453,230) |
| Total Depreciated and Amortized Capital Assets, Net | 1,366,169,471 | (90,419,592) | - | 23,698,845 | 1,299,448,724 |
| Water Fund Net Capital Assets | $ 2,074,714,804 | $ 66,577,258 | $ - | $ - | $ 2,141,292,062 |

## NOTE 9 – CAPITAL ASSETS (cont.)

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Sewage Disposal Fund** | | | | | |
| Nondepreciable and nonamortizable capital assets | | | | | |
| Land | $ 28,497,697 | $ - | $ - | $ - | $ 28,497,697 |
| Easements | 98,318,513 | - | - | - | 98,318,513 |
| Construction in progress | 335,269,773 | 196,786,314 | - | (41,206,390) | 490,849,697 |
| Prepaid subscription assets | 2,290,046 | 787,672 | - | (2,764,197) | 313,521 |
| Total Nondepreciable and Nonamortizable Capital Assets | 464,376,029 | 197,573,986 | - | (43,970,587) | 617,979,428 |
| Depreciated and amortized capital assets | | | | | |
| Site improvements | 53,028,422 | - | - | 1,147,703 | 54,176,125 |
| Buildings and structures | 1,192,543,243 | 1,745,099 | - | 3,129,451 | 1,197,417,793 |
| Infrastructure | 625,707,645 | - | - | - | 625,707,645 |
| Machinery and equipment | 1,435,846,243 | 6,292,168 | (442,227) | 36,816,242 | 1,478,512,426 |
| Vehicles | 9,958,178 | 1,001,034 | (73,033) | - | 10,886,179 |
| Leasehold improvements | 5,499,083 | - | - | 112,994 | 5,612,077 |
| Lease asset: warehouse | 4,543,607 | - | - | - | 4,543,607 |
| Subscription assets | 5,188,849 | 575,956 | | 2,764,197 | 8,529,002 |
| Total Depreciable and Amortizable Assets | 3,332,315,270 | 9,614,257 | (515,260) | 43,970,587 | 3,385,384,854 |
| Less: Accumulated depreciation and amortization | | | | | |
| Site improvements | (37,344,043) | (2,696,719) | - | - | (40,040,762) |
| Buildings and structures | (363,940,997) | (34,107,254) | - | - | (398,048,251) |
| Infrastructure | (116,976,493) | (13,814,057) | - | - | (130,790,550) |
| Machinery and equipment | (865,210,052) | (95,136,688) | 251,056 | - | (960,095,684) |
| Vehicles | (4,784,797) | (1,440,850) | 72,742 | - | (6,152,905) |
| Leasehold improvements | (1,170,612) | (363,835) | - | - | (1,534,447) |
| Lease asset: warehouse | (1,429,038) | (439,704) | - | - | (1,868,742) |
| Subscription assets | (415,108) | (1,383,840) | - | - | (1,798,948) |
| Total Accumulated Depreciation and Amortization | (1,391,271,140) | (149,382,947) | 323,798 | - | (1,540,330,289) |
| Total Depreciated and Amortized Capital Assets, Net | 1,941,044,130 | (139,768,690) | (191,462) | 43,970,587 | 1,845,054,565 |
| Sewage Disposal Fund Net Capital Assets | 2,405,420,159 | 57,805,296 | (191,462) | - | 2,463,033,993 |
| **Business-type Activities Net Capital Assets** | $ 4,480,134,963 | $ 124,382,554 | $(191,462) | $ - | $ 4,604,326,055 |

There are no capital assets for sale as of June 30, 2025.

## NOTE 9 – CAPITAL ASSETS (cont.)

### *ASSET IMPAIRMENT*

Capital assets are evaluated annually to determine if any asset impairments exist, defined as a significant, unexpected decline in the service utility of a capital asset. There were no recorded impairments for the Authority for the year ended June 30, 2025.

### *RAW WATER RIGHTS*

Effective December 1, 2017, the Authority, the City of Flint, Karegnondi Water Authority (KWA), Genesee County Drain Commission (GCDC) and State of Michigan entered into a long-term partnership agreement to satisfy a number of critical water service needs across the region. Key provisions of a master agreement includes: 1) a 30-year water service contract with the City of Flint that establishes the Authority as the long-term water source for the City of Flint and credits the City of Flint for its debt service payment obligations on existing KWA bonds for the building of its raw water intake and supply line; 2) a license to the Authority of the 72-inch line serving the City of Flint; and 3) a 30-year contract for reciprocal, emergency water services between the Authority and GCDC.

The 30-year water service contract with the City of Flint includes a license to raw water rights on 17.46 MGD of the 18 MGD purchased by Flint as part of KWA bond obligation. These license rights constitute an intangible asset under governmental accounting standards. The Authority recorded an intangible asset and purchase obligation liability of approximately $107 million associated with this agreement in December 2017. The Authority is amortizing the intangible asset over 30 years. As the City of Flint satisfies its monthly bond payment obligations to KWA, the Authority credits Flint's water invoice for that payment and reduces the Authority's purchase obligation. This process will continue each year over the 30-year life of the asset.

### *PREPAID SUBSCRIPTION ASSETS*

Both Workday and NEXGEN were fully implemented during FY 2025 and are no longer included in the prepaid subscription assets. The Kahua Subscription-Based Information Technology Arrangement (SBITA) is in the initial implementation stage, therefore costs have been recorded as prepaid subscription assets. Once the subscription asset is placed in service, the costs incurred, and any future subscription liability (present value of expected future payments) will be recognized as an intangible right-to-use subscription asset and amortized over the subscription term.

## NOTE 10 – ACCRUED LIABILITIES

As described in Note 1, other accrued liabilities in the statement of net position are as follows:

| | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| Cash held for the benefit of DWSD | $ 23,814,008 | $ 33,764,024 | $ 57,578,032 |
| Due to WRAP service delivery partners | 1,375,981 | 1,927,764 | 3,303,745 |
| Advanced billings | 44,789 | - | 44,789 |
| Total Accrued Liabilities | $ 25,234,778 | $ 35,691,788 | $ 60,926,566 |

## NOTE 11 – DUE TO OTHER GOVERNMENTS

Due to other governments, which consist of amounts due to the DWSD and to the State of Michigan, in the statement of net position is as follows:

| | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| Shared services | $ 10,626,406 | $ - | $ 10,626,406 |
| Green infrastructure | - | 680,000 | 680,000 |
| Subrecipient - grant | - | 242,632 | 242,632 |
| Total Due to Other Governments | $ 10,626,406 | $ 922,632 | $ 11,549,038 |

## NOTE 12 – LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2025 were as follows:

| | Beginning Balance | Increase | Decrease* | Debt Forgiveness | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|---|
| **Water Fund** | | | | | | |
| Bonds and Loans | | | | | | |
| Revenue bonds | $ 2,317,305,000 | $ 528,220,000 | $ (417,865,000) | $ - | $ 2,427,660,000 | $ 80,840,000 |
| Notes from direct borrowings and direct placements - State revolving loans | 241,020,620 | 58,070,757 | (12,380,551) | (943,208) | 285,767,618 | 12,440,278 |
| Total Bonds and Loans | 2,558,325,620 | 586,290,757 | (430,245,551) | (943,208) | 2,713,427,618 | 93,280,278 |
| Deferred amounts for: | | | | | | |
| Unamortized premiums | 183,118,484 | 44,501,299 | (48,268,899) | - | 179,350,884 | 17,666,835 |
| Unamortized discounts | (1,959,364) | - | 1,885,074 | - | (74,290) | (49,877) |
| Total Bonds and Loans, Net | 2,739,484,740 | 630,792,056 | (476,629,376) | (943,208) | 2,892,704,212 | 110,897,236 |
| Other Debt | | | | | | |
| Raw water rights obligation | 89,552,155 | - | (3,085,995) | - | 86,466,160 | 3,212,750 |
| BC Note obligation | 16,124,187 | - | (1,002,660) | - | 15,121,527 | 1,013,903 |
| Total Water Fund Debt | $ 2,845,161,082 | $ 630,792,056 | $ (480,718,031) | $ (943,208) | $ 2,994,291,899 | $ 115,123,889 |

* Of the $417,865,000 decrease in revenue bonds, $337,025,000 relates to the refunding of bonds. Of the $48,268,899 decrease in unamortized premiums, $30,100,340 relates to the refunding of bonds.

## NOTE 12 – LONG-TERM DEBT (cont.)

| | Beginning Balance | Increase | Decrease* | Debt Forgiveness | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|---|
| **Sewage Disposal Fund** | | | | | | |
| Bonds and Loans | | | | | | |
| Revenue bonds | $ 2,496,520,000 | $ 435,050,000 | $ (518,270,000) | $ - | $ 2,413,300,000 | $ 93,355,000 |
| Notes from direct borrowings and direct placements - State revolving loans | 336,808,208 | 87,039,460 | (53,475,870) | (19,574,242) | 350,797,556 | 31,780,000 |
| Total Bonds and Loans | 2,833,328,208 | 522,089,460 | (571,745,870) | (19,574,242) | 2,764,097,556 | 125,135,000 |
| Deferred amounts for: | | | | | | |
| Unamortized premiums | 151,512,729 | 41,780,762 | (45,217,786) | - | 148,075,705 | 16,175,212 |
| Unamortized discounts | (41,890,818) | - | 8,133,948 | - | (33,756,870) | (7,941,696) |
| Total Bonds and Loans, Net | 2,942,950,119 | 563,870,222 | (608,829,708) | (19,574,242) | 2,878,416,391 | 133,368,516 |
| Other Debt | | | | | | |
| BC Note obligation | 36,268,418 | - | (2,255,301) | - | 34,013,117 | 2,280,589 |
| Total Sewage Disposal Fund Debt | 2,979,218,537 | 563,870,222 | (611,085,009) | (19,574,242) | 2,912,429,508 | 135,649,105 |
| Total Business-type Activities | $ 5,824,379,619 | $ 1,194,662,278 | $ (1,091,803,040) | $ (20,517,450) | $ 5,906,721,407 | $ 250,772,994 |

* Of the $518,270,000 decrease in revenue bonds, $422,385,000 relates to the refunding of bonds. Of the $53,475,870 decrease in State revolving loans, $7,505,000 relates to refunding. Of the $45,217,786 decrease in unamortized premiums, $28,593,780 relates to the refunding of bonds.

**NOTE 12 – LONG-TERM DEBT** (cont.)

As of June 30, 2025, aggregate debt service requirements of the Authority's bonds and loans (fixed and variable-rate) were as follows. These amounts assume that current interest rates on variable-rate bonds will remain the same for their respective terms. As these rates vary, interest payments on variable-rate bonds will vary.

| Year Ended June 30 | Bonds | | Notes from Direct Borrowings and Direct Placements | | |
|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Total |
| **Water Fund** | | | | | |
| 2026 | $ 80,840,000 | $ 102,409,703 | $ 12,440,278 | $ 5,518,024 | $ 201,208,005 |
| 2027 | 88,485,000 | 111,709,181 | 14,690,598 | 5,220,211 | 220,104,990 |
| 2028 | 94,500,000 | 107,265,355 | 13,335,278 | 4,948,093 | 220,048,726 |
| 2029 | 100,110,000 | 102,532,981 | 13,611,219 | 4,688,085 | 220,942,285 |
| 2030 | 105,055,000 | 97,450,810 | 13,735,278 | 4,424,271 | 220,665,359 |
| 2031-2035 | 623,110,000 | 401,322,974 | 71,156,639 | 18,054,631 | 1,113,644,244 |
| 2036-2040 | 520,570,000 | 249,916,400 | 77,213,390 | 10,938,501 | 858,638,291 |
| 2041-2045 | 403,525,000 | 154,687,517 | 55,099,057 | 3,671,090 | 616,982,664 |
| 2046-2050 | 268,670,000 | 65,109,901 | 11,251,643 | 957,684 | 345,989,228 |
| 2051-2056 | 142,795,000 | 19,205,256 | 3,234,238 | 87,579 | 165,322,073 |
| Total Water Fund | 2,427,660,000 | 1,411,610,078 | 285,767,618 | 58,508,169 | 4,183,545,865 |
| **Sewage Disposal Fund** | | | | | |
| 2026 | 93,355,000 | 98,278,487 | 31,780,000 | 7,284,485 | 230,697,972 |
| 2027 | 103,805,000 | 104,329,284 | 29,365,000 | 6,699,211 | 244,198,495 |
| 2028 | 119,800,000 | 99,169,661 | 33,590,000 | 6,052,764 | 258,612,425 |
| 2029 | 122,680,000 | 93,621,000 | 39,595,450 | 5,359,363 | 261,255,813 |
| 2030 | 123,260,000 | 87,911,751 | 40,210,660 | 4,547,459 | 255,929,870 |
| 2031-2035 | 724,260,000 | 348,340,671 | 110,094,106 | 14,109,324 | 1,196,804,101 |
| 2036-2040 | 715,535,000 | 169,778,939 | 57,166,103 | 3,527,258 | 946,007,300 |
| 2041-2045 | 207,810,000 | 77,327,366 | 8,996,237 | 256,532 | 294,390,135 |
| 2046-2050 | 116,220,000 | 38,836,200 | - | - | 155,056,200 |
| 2051-2056 | 86,575,000 | 9,250,169 | - | - | 95,825,169 |
| Total Sewage Disposal Fund | 2,413,300,000 | 1,126,843,528 | 350,797,556 | 47,836,396 | 3,938,777,480 |
| Total Business-type Activities | $ 4,840,960,000 | $ 2,538,453,606 | $ 636,565,174 | $ 106,344,565 | $ 8,122,323,345 |

## NOTE 12 – LONG-TERM DEBT (cont.)

### *REVENUE BONDS*

Net revenues of the Authority are pledged to repayment of bonds; following are the revenue bonds payable at June 30, 2025:

| Issue | Bond Date | Original Issue Amount | Range of Interest Rates | Maturity Dates | Outstanding Ending Balance | Callable at Par |
|---|---|---|---|---|---|---|
| **Water Fund** | | | | | | |
| Series 2003A | 1/30/2003 | $ 234,805,000 | 5.00% | 7/1/2034 | $ 100,000 | $ 100,000 |
| Series 2003B | 1/30/2003 | 172,945,000 | 5.00% | 7/1/2034 | 100,000 | 100,000 |
| Series 2005B | 5/14/2008 | 194,900,000 | 5.25% | 7/1/2035 | 100,000 | 100,000 |
| Series 2006A | 8/16/2006 | 280,000,000 | 5.00% | 7/1/2034 | 100,000 | 100,000 |
| Series 2006B | 4/1/2009 | 120,000,000 | 6.25% | 7/1/2036 | 100,000 | 100,000 |
| Series 2016A | 10/27/2016 | 88,000,000 | 5.00% | 7/1/25-46 | 87,980,000 | 87,970,000 |
| Series 2016B | 10/27/2016 | 163,830,000 | 5.00% | 7/1/25-46 | 163,810,000 | 163,800,000 |
| Series 2016C | 10/27/2016 | 443,930,000 | 5.00-5.25% | 7/1/25-35 | 223,625,000 | 180,950,000 |
| Series 2016D | 10/27/2016 | 222,045,000 | 4.00-5.00% | 7/1/25-36 | 198,495,000 | 195,310,000 |
| Series 2018A | 10/3/2018 | 155,595,000 | 5.00% | 7/1/25-29 | 82,150,000 | - |
| Series 2020A | 5/12/2020 | 42,445,000 | 5.00% | 7/1/25-49 | 41,615,000 | 35,685,000 |
| Series 2020B | 5/12/2020 | 43,135,000 | 5.00% | 7/1/25-49 | 42,295,000 | 36,265,000 |
| Series 2020C** | 5/12/2020 | 377,515,000 | 1.98-3.47% | 7/1/25-41 | 251,905,000 | 227,550,000 |
| Series 2022A | 9/13/2022 | 137,470,000 | 5.00-5.25% | 7/1/25-52 | 137,470,000 | 132,900,000 |
| Series 2022B | 9/13/2022 | 69,745,000 | 5.00-5.50% | 7/1/25-52 | 69,745,000 | 66,710,000 |
| Series 2023A | 12/5/2023 | 67,210,000 | 5.00% | 7/1/25-38 | 67,210,000 | 62,650,000 |
| Series 2023B | 12/5/2023 | 148,535,000 | 5.00-5.25 | 7/1/26-53 | 148,535,000 | 126,780,000 |
| Series 2024A | 6/6/2024 | 348,175,000 | 5.00% | 7/1/25-37 | 348,175,000 | 84,110,000 |
| Series 2024B | 6/6/2024 | 35,930,000 | 5.00% | 7/1/25-36 | 35,930,000 | 32,035,000 |
| Series 2025A | 6/30/2025 | 254,725,000 | 5.00% | 7/1/27-38 | 254,725,000 | 66,245,000 |
| Series 2025B | 6/30/2025 | 54,530,000 | 5.00% | 7/1/31-34 | 54,530,000 | - |
| Series 2025C | 6/30/2025 | 109,830,000 | 5.00-5.25% | 7/1/27-55 | 109,830,000 | 89,775,000 |
| Series 2025D | 6/30/2025 | 109,135,000 | 5.00-5.50% | 7/1/27-55 | 109,135,000 | 89,305,000 |
| Total Water Fund Revenue Bonds Payable | | | | | $ 2,427,660,000 | |

## NOTE 12 – LONG-TERM DEBT (cont.)

| Issue | Bond Date | Original Issue Amount | Range of Interest Rates | Maturity Dates | Outstanding Ending Balance | Callable at Par |
|---|---|---|---|---|---|---|
| **Sewage Disposal Fund** | | | | | | |
| Series 2001B | 9/15/2001 | $ 110,550,000 | 5.50% | 7/1/25-29 | $ 65,580,000 | $ - |
| Series 2003B | 6/17/2009 | 150,000,000 | 7.50% | 7/1/2033 | 100,000 | 100,000 |
| Series 2005A | 3/17/2005 | 273,355,000 | 4.50% | 7/1/2035 | 100,000 | 100,000 |
| Series 2005C | 4/5/2005 | 63,160,000 | 5.00% | 7/1/2025 | 100,000 | 100,000 |
| Series 2006B | 8/10/2006 | 250,000,000 | 5.00% | 7/1/2036 | 100,000 | 100,000 |
| Series 2006D | 12/14/2006 | 370,000,000 | Variable (*) | 7/1/26-32 | 239,475,000 | 239,475,000 |
| Series 2016B | 10/27/2016 | 126,105,000 | 5.00% | 7/1/25-34 | 43,225,000 | 33,390,000 |
| Series 2016C | 10/27/2016 | 295,190,000 | 4.00-5.00% | 7/1/27-36 | 198,560,000 | 198,560,000 |
| Series 2018A | 10/3/2018 | 81,595,000 | 5.00% | 7/1/25-48 | 74,225,000 | 67,040,000 |
| Series 2018B | 10/3/2018 | 131,690,000 | 5.00% | 7/1/25-29 | 128,625,000 | - |
| Series 2020A** | 6/16/2020 | 594,930,000 | 1.60-3.50% | 7/1/25-44 | 294,840,000 | 94,700,000 |
| Series 2020B** | 6/16/2020 | 92,525,000 | 2.61-3.60% | 7/1/35-44 | 50,730,000 | 11,315,000 |
| Series 2022A | 9/13/2022 | 125,975,000 | 5.00-5.25% | 7/1/25-52 | 125,975,000 | 122,440,000 |
| Series 2022B | 9/13/2022 | 71,990,000 | 5.00-5.50% | 7/1/25-52 | 71,990,000 | 68,405,000 |
| Series 2023A | 12/5/2023 | 185,235,000 | 5.00% | 7/1/32-40 | 185,235,000 | 172,770,000 |
| Series 2023B | 12/5/2023 | 14,965,000 | 5.00% | 7/1/34 | 14,965,000 | 14,965,000 |
| Series 2023C | 12/5/2023 | 96,860,000 | 5.00-5.25% | 7/1/28-53 | 96,860,000 | 90,850,000 |
| Series 2024A | 6/6/2024 | 347,305,000 | 5.00% | 7/1/25-33 | 347,305,000 | - |
| Series 2024B | 6/6/2024 | 40,260,000 | 5.00% | 7/1/25-35 | 40,260,000 | 1,685,000 |
| Series 2025A | 6/30/2025 | 104,280,000 | 5.00% | 7/1/30-40 | 104,280,000 | 30,425,000 |
| Series 2025B | 6/30/2025 | 283,300,000 | 5.00% | 7/1/26-39 | 283,300,000 | 148,150,000 |
| Series 2025C | 6/30/2025 | 47,470,000 | 5.00-5.50% | 7/1/26-55 | 47,470,000 | 35,780,000 |
| Total Sewage Disposal Fund Revenue Bonds Payable | | | | | 2,413,300,000 | |
| Total Business-type Activities | | | | | $4,840,960,000 | |

* Interest rates are reset quarterly based upon a formula specified in the bond using the three-month Secured Overnight Financing (SOFR) rate.

** Taxable bond

*Refunded Debt and New Money Bond – Water Fund*

On June 30, 2025, the Authority completed a water supply system revenue bond refunding and new money transaction. The Authority issued $254,725,000 in Series 2025A senior lien revenue refunding bonds, $54,530,000 in Series 2025B second lien revenue refunding bond, $109,830,000 in Series 2025C senior lien revenue new money bonds, and $109,135,000 in Series 2025D second lien revenue new money bonds for a total issue of $528,220,000. The net proceeds of the Series 2025A and 2025B were used to refund $69,275,000 of Series 2015D-1 revenue bonds, $37,235,000 of Series 2015D-2 revenue bonds which were called on July 30, 2025. It was also used for a tender refunding that occurred on June 30, 2025 for $186,735,000 of Series 2016C revenue bonds, $22,070,000 of Series 2016D revenue bonds, and $21,710,000 of Series 2020C revenue bonds. A total of $337,025,000 in bonds were refunded resulting in a net present value savings of $27,100,468.

## NOTE 12 – LONG-TERM DEBT (cont.)

*Refunded Debt and New Money Bond – Sewage Disposal Fund*

On June 30, 2025, the Authority completed a sewer supply system revenue bond refunding and new money transaction. The Authority issued $104,280,000 in Series 2025A senior lien revenue refunding bonds, $283,300,000 in Series 2025B second lien revenue refunding bond, and $47,470,000 in Series 2025C second lien revenue new money bonds for a total issue of $435,050,000. The net proceeds of the Series 2025A and 2025B were used to refund $197,160,000 of Series 2015C revenue bonds which were called on July 30, 2025. It was also used for a tender refunding that occurred on June 30, 2025 for $78,270,000 of Series 2016B revenue bonds, $96,630,000 of Series 2016C revenue bonds, $40,315,000 of Series 2020A revenue bonds, $10,010,000 of Series 2020B revenue bonds, and $7,505,000 of Series 2016 SAW junior lien bonds. A total of $429,890,000 in bonds were refunded resulting in a net present value savings of $34,354,532.

*Arbitrage Rebate Payable*

The Authority issues tax-exempt bonds to finance various capital projects. Under federal tax law, the Authority is required to rebate certain earnings on the gross proceeds of these bonds to the federal government. This liability, which represents the accumulated excess of earnings over the bond yield, is calculated every five years or upon maturity of the debt. In accordance with Governmental Accounting Standards Board (GASB) pronouncements, for government-wide and proprietary fund financial statements, an arbitrage rebate liability is accrued for any estimated future payment to the federal government. As of June 30, 2025, the estimated arbitrage rebate liability on the 2022 Sewer Bonds was $3,300,000, which is included in the accompanying financial statements as a current liability. A payment was made in October 2025 before it was due to reduce the future liability related to the arbitrage.

*State Revolving Fund Loans*

The Authority participates in direct borrowings through the State of Michigan Drinking Water State Revolving Fund (DWSRF) to finance qualified water supply system projects and the Clean Water State Revolving Fund (CWSRF) to finance qualified sewage disposal system projects. As GLWA draws additional amounts, the outstanding principal amounts of such loans will correspondingly increase. All loans are callable under terms specified in the loan agreements.

The Authority received direct borrowing loans from the State of Michigan Revolving Loan Fund during the year ended June 30, 2025 for the Water Fund totaling $58,070,757 of which $943,208 has been forgiven, and the Sewage Disposal Fund received $87,039,459 of which $19,574,242 has been forgiven. The $943,208 of the water loans forgiven and $1,800,272 of the proceeds of the Water Fund loans were a pass through to DWSD, the subrecipient of the loans. The remaining proceeds of the Water Fund loans were used to pay costs of acquiring, constructing extensions, and making certain repairs and improvements to the regional water system. The $1,186,715 of the sewer loans forgiven and $3,511,318 of the Sewage Disposal Fund loans were a pass through to DWSD, the subrecipient of the loans. The remaining proceeds of the Sewage Disposal Fund loans were used to pay costs of acquiring, constructing extensions, and making certain repairs and improvements to the regional sewage disposal system. At June 30, 2025, $11,043,857 for the Water Fund and $452,102,892 for the Sewage Disposal Fund was authorized and unissued. Of the authorized and unissued $0 for the Water Fund and $6,175,498 of the Sewage Disposal Fund are for pass through loans to DWSD. At June 30, 2025 the DWSD local water system and sewage disposal system has $0 of additional undrawn amounts that qualify for loan forgiveness. The GLWA regional water supply system has $0 and the sewage disposal system has $5,718,011 of additional undrawn amounts that qualify for loan forgiveness.

Net revenues of the Authority are pledged for repayment of the loans.

**NOTE 12 – LONG-TERM DEBT** (cont.)

The following is a schedule of the state revolving loans payable at June 30, 2025:

| Issue | Bond Date | Amount Issued | Range of Interest Rates | Maturity Dates | Outstanding Ending Balance |
|---|---|---|---|---|---|
| **Water Fund** | | | | | |
| Series 2005 SRF-1 | 9/22/2005 | $ 13,805,164 | 2.13% | 10/1/25-26 | $ 1,595,164 |
| Series 2005 SRF-2 | 9/22/2005 | 8,891,730 | 2.13% | 10/1/25-26 | 1,006,730 |
| Series 2006 SRF-1 | 9/21/2006 | 5,180,926 | 2.13% | 10/1/25-26 | 590,926 |
| Series 2008 SRF-1 | 9/29/2008 | 2,590,941 | 2.50% | 10/1/25-28 | 445,941 |
| Series 2016 SRF-1 | 9/16/2016 | 8,273,168 | 2.50% | 4/1/26-48 | 6,828,168 |
| Series 2016 SRF-2 | 9/16/2016 | 3,393,543 | 2.50% | 4/1/26-48 | 2,793,543 |
| Series 2017 SRF-1 | 6/23/2017 | 5,807,931 | 2.50% | 10/1/25-48 | 4,872,931 |
| Series 2019 SRF-2 | 8/30/2019 | 29,078,820 | 2.00% | 4/1/26-42 | 25,362,219 |
| Series 2020-SRF-2 | 8/28/2020 | 7,159,988 | 2.00% | 10/1/25-42 | 6,414,988 |
| Series 2019 SRF-1 | 6/7/2019 | 8,330,000 | 2.00% | 10/1/25-40 | 6,915,000 |
| Series 2019 SRF-3 | 8/30/2019 | 11,117,931 | 2.00% | 10/1/25-50 | 9,954,875 |
| Series 2020-SRF-1 | 7/31/2020 | 20,276,166 | 2.00% | 4/1/26-52 | 18,732,466 |
| Series 2020-SRF-4 | 9/30/2020 | 11,158,947 | 2.00% | 4/1/26-52 | 10,240,897 |
| Series 2021-SRF-3 | 8/30/2021 | 10,629,827 | 1.88% | 10/1/25-43 | 10,150,877 |
| Series 2020 SRF-3 | 8/28/2020 | 8,960,000 | 2.00% | 4/1/26-41 | 7,440,000 |
| Series 2021-SRF-1 | 6/21/2021 | 4,209,249 | 1.88% | 10/1/25-31 | 3,714,249 |
| Series 2021-SRF-2 | 8/30/2021 | 104,725,000 | 1.88% | 10/1/25-43 | 96,068,498 |
| Series 2022-SRF-2 | 9/20/2022 | 34,075,000 | 1.88% | 4/1/26-43 | 31,210,000 |
| Series 2023-SRF-1 | 7/17/2023 | 48,172,500 | 1.88% | 10/1/26-45 | 41,430,146 |
| Total Water Fund State Revolving Loans Payable | | | | | 285,767,618 |

**NOTE 12 – LONG-TERM DEBT** (cont.)

| Issue | Bond Date | Amount Issued | Range of Interest Rates | Maturity Dates | Outstanding Ending Balance |
|---|---|---|---|---|---|
| **Sewage Disposal Fund** | | | | | |
| Series 2007 SRF-1 | 9/20/2007 | $ 167,540,598 | 1.63% | 10/1/25-29 | $ 47,085,598 |
| Series 2009 SRF-1 | 4/17/2009 | 13,970,062 | 2.50% | 4/1/26-30 | 4,020,062 |
| Series 2010 SRF-1 | 1/22/2010 | 4,214,763 | 2.50% | 4/1/26-31 | 1,465,763 |
| Series-2003 SRF-1 | 6/26/2003 | 48,520,000 | 2.50% | 10/1/2025 | 3,045,000 |
| Series 2012 SRF-1 | 8/30/2012 | 14,950,000 | 2.50% | 10/1/25-34 | 8,400,000 |
| Series 2015A SRF | 3/20/2015 | 79,500,000 | 2.50% | 4/1/26-36 | 48,525,000 |
| Series 2015B SRF | 3/20/2015 | 27,175,304 | 2.50% | 10/1/25-35 | 16,285,304 |
| Series 2015D SRF | 12/11/2015 | 15,321,478 | 2.50% | 10/1/25-35 | 9,001,478 |
| Series 2016 SRF-1 | 9/16/2016 | 15,463,628 | 2.50% | 4/1/26-38 | 10,833,628 |
| Series 2016 SRF-2 | 9/16/2016 | 48,315,683 | 2.50% | 4/1/26-39 | 35,745,683 |
| Series 2017 SRF-1 | 6/23/2017 | 33,566,682 | 2.50% | 10/1/25-38 | 24,996,682 |
| Series 2018 SRF-2 | 9/14/2018 | 17,510,000 | 2.00% | 10/1/25-42 | 16,055,000 |
| Series 2020 SRF-1 | 3/27/2020 | 28,350,000 | 2.00% | 10/1/25-42 | 25,995,000 |
| Series 2020 SRF-2 | 9/30/2020 | 3,232,000 | 2.00% | 10/1/25-33 | 1,300,052 |
| Series 2021 SRF-1 | 3/26/2021 | 12,940,000 | 1.88% | 10/1/25-41 | 10,481,237 |
| Series 2021 SRF-2 | 9/24/2021 | 6,881,250 | 1.88% | 4/1/26-31 | 1,925,700 |
| Series 2022 SRF-1 | 6/6/2022 | 34,195,000 | 1.88% | 10/1/25-35 | 17,529,200 |
| Series 2022 SRF-3 | 9/20/2022 | 19,035,000 | 1.88% | 4/1/26-38 | 11,356,405 |
| Series 2022 SRF-2 | 8/29/2022 | 50,245,000 | 1.88% | 4/1/26-39 | 31,377,722 |
| Series 2023 SRF-1 | 6/5/2023 | 88,820,000 | 1.88% | 10/1/27-30 | 13,797,181 |
| Series 2024 SRF-1 | 5/6/2024 | 126,800,000 | 2.00% | 4/1/29-31 | 11,460,411 |
| Series 2024 SRF-3 | 9/6/2024 | 60,500,000 | 2.00% | 10/1/2028 | 115,450 |
| Total Sewage Disposal Fund State Revolving Loans | | | | | 350,797,556 |
| Total Business-type Activities | | | | | $ 636,565,174 |

**NOTE 12 – LONG-TERM DEBT** (cont.)

***PLEDGES OF FUTURE REVENUE***

The Authority has pledged assets to secure the repayment of the revenue bonds and State of Michigan revolving fund loans. The Water System bonds and loans are paid solely from the net revenues of the Water System and the Sewer Disposal System bonds and loans are paid solely from the net revenues of the Sewer System. Net revenues are defined in the Great Lakes Water Authority Water and Sewer Master Bond Ordinances as all revenues except those transferred to the Operation and Maintenance funds. These revenues are further defined to include the revenues from the Retail Customers who are serviced under the Water and Sewer Services Agreement with the City of Detroit which are reported in the financial statements of the City of Detroit Water and Sewerage Department. The pledged revenues calculation for the fiscal year ending June 30, 2025 includes revenues reported by the Great Lakes Water Authority and the City of Detroit Water and Sewerage Department as this revenue is pledged for payment of the bonds and loans of the Great Lakes Water Authority.

The general purpose of the Water System debt is to provide funding for various water treatment and transmission capital improvements, refund certain water revenue bonds, pay termination amounts for interest rate swap agreements and fund reserve requirements. The general purpose of the Sewer System bonds is to provide funding for various wastewater treatment and collection activities, capital improvements, refund certain sewage disposal revenue bonds, pay termination amounts for interest rate swap agreements and fund reserve requirements. The term of pledge commitment for the water bonds is through fiscal year 2053 and the sewage disposal bonds is through 2053.

The table below has the pledged revenue coverage as of June 30, 2025:

| | Water Fund | Sewage Disposal Fund |
|---|---|---|
| Remaining principal and interest requirement | $ 4,183,545,865 | $ 3,938,777,480 |
| Principal and interest funding requirement for the year ending June 30, 2025 (calculated on a debt set aside basis consistent with rate covenant basis for rate determination) | $ 207,189,647 | $ 249,432,319 |
| Pledged revenue for the year ending June 30, 2025 | $ 270,938,643 | $ 330,705,132 |
| Pledged revenue collected as a percentage of funding requirement | 131% | 133% |

At the date of the issuance of the GLWA financial report, DWSD's audited financial report had not been released. The local system amounts used for the calculation above reflect DWSD's management representation of preliminary financial results for the year ended June 30, 2025.

## NOTE 12 – LONG-TERM DEBT (cont.)

### *CREDIT RATINGS*

In May 2025, S&P Global Ratings affirmed the Authority's senior lien water supply and sewage disposal systems ratings of AA- and its second lien ratings of A+. The outlook remained stable. Moody's Investors Service affirmed the Authority's water supply and sewer disposal systems senior lien ratings of Aa3, and its second lien ratings of A1. The outlook remained stable. Fitch upgraded the Authority's sewage disposal system senior lien rating from AA- to AA, and its second lien bonds from A+ to AA-. Fitch affirmed the Authority's ratings for its water supply system senior lien of A+, and its second lien ratings of A. The outlook was upgraded from positive to stable for the sewage disposal system and the water system outlook remained stable.

In November 2018, S&P Global Ratings assigned an A+ rating to the Authority's junior lien water system SRF bonds and in March 2020 the junior lien sewage disposal system SRF bonds were upgraded to A+ from an A rating.

### *RAW WATER RIGHTS OBLIGATION*

An obligation has been recorded related to the license of the raw water rights that were part of the 30-year service contract with the City of Flint. This obligation represents the future credits to the City of Flint's water bills as the City of Flint satisfies its monthly bond payment obligations to KWA. Payment requirements for interest have decreased from the prior year due to KWA refunding the 2013 intake bonds. See related footnote for the raw water rights intangible asset (Note 9).

The future credits to be issued are detailed below:

| | Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|---|
| **Water Fund** | | | | |
| | 2026 | $ 3,212,750 | $ 3,439,802 | $ 6,652,552 |
| | 2027 | 3,345,194 | 3,307,356 | 6,652,550 |
| | 2028 | 3,483,226 | 3,169,448 | 6,652,674 |
| | 2029 | 3,626,806 | 3,025,850 | 6,652,656 |
| | 2030 | 3,775,483 | 2,876,345 | 6,651,828 |
| | 2031-2035 | 21,344,739 | 11,914,757 | 33,259,496 |
| | 2036-2040 | 26,127,148 | 7,136,560 | 33,263,708 |
| | 2041-2045 | 21,113,507 | 1,749,069 | 22,862,576 |
| | 2046 | 437,307 | 3,693 | 441,000 |
| Total Water Fund | | $ 86,466,160 | $ 36,622,880 | $ 123,089,040 |

## NOTE 12 – LONG-TERM DEBT (cont.)

### *BC NOTE OBLIGATION*

Under the terms of the lease agreements with the City, the Authority is required to pay a portion of the City's Financial Recovery Bonds, Series 2014-B and 2014-C allocated to the regional water and sewage disposal systems. The Financial Recovery Bonds, Series 2014-B are federally taxable. The Series 2014-B bonds have two components: B(1) which has a 4.0 percent per annum interest rate and B(2) which has a variable interest rate until the maturity date of April 1, 2044. The bonds were delivered to classes of creditors in satisfaction of: (1) Class 12 OPEB claims the bonds were distributed to the new Voluntary Employee Beneficiary Associations (VEBA) for the general retirees and police and fire retirees; (2) Class 9 Pension Obligation Certificate (POC) claims; and (3) other unsecured bankruptcy claims. GLWA has a contractual obligation to pay a portion of the bonds based on an agreed-upon allocation percentage.

The Financial Recovery Bonds, Series 2014-C were issued with interest at 5.0 percent per annum. The 2014-C bonds were issued as part of the Syncora Settlement and FGIC/POC Settlement in the bankruptcy plan. GLWA has a contractual obligation to pay a portion of the bonds based on an agreed-upon allocation percentage.

In 2018, the governing body of the City of Detroit authorized the use of general funds for the full redemption of the General Obligation Bonds, 2014 Series C, including the amount allocated to the Authority. The 2014 Series C debt was fully redeemed on April 13, 2018. In addition, on December 13, 2018, the City issued Financial Recovery Refunding Bonds to redeem a portion of the 2014 Series B. The Authority will repay the City of Detroit General Fund under the terms of the original debt payment schedules for the 2014 Series B & C General Obligation Bonds, with principal and interest due on June 30 each year.

The following is a schedule of the BC Note obligation for the Financial Recovery Bonds as of June 30, 2025:

| Bond Issue (GLWA share) | Original Issue Amount (GLWA share) | Range of Interest Rates | Maturity Date | Outstanding Ending Balance |
|---|---|---|---|---|
| **Water Fund** | | | | |
| Series 2014-B | $ 26,540,080 | 4.00% and variable | 4/1/2044 | $ 14,778,223 |
| Series 2014-C | 3,829,794 | 5.00% | 6/30/2027 | 343,304 |
| Total Water Fund | | | | 15,121,527 |
| **Sewage Disposal Fund** | | | | |
| Series 2014-B | 44,233,463 | 4.00% and variable | 4/1/2044 | 33,240,917 |
| Series 2014-C | 6,382,990 | 5.00% | 6/30/2027 | 772,200 |
| Total Sewage Disposal Fund | | | | 34,013,117 |
| Total Business-type Activities | | | | $ 49,134,644 |

**NOTE 12 – LONG-TERM DEBT** (cont.)

***BC NOTE OBLIGATION*** (cont.)

As of June 30, 2025, debt service requirements of the BC Note obligation for the Financial Recovery Bonds were as follows:

| | Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|---|
| **Water Fund** | | | | |
| | 2026 | $ 1,013,903 | $ 608,294 | $ 1,622,197 |
| | 2027 | 885,005 | 565,377 | 1,450,382 |
| | 2028 | 777,802 | 528,905 | 1,306,707 |
| | 2029 | 777,802 | 497,793 | 1,275,595 |
| | 2030 | 777,802 | 466,681 | 1,244,483 |
| | 2031-2035 | 3,889,008 | 2,022,284 | 5,911,292 |
| | 2036-2040 | 3,889,008 | 1,633,383 | 5,522,391 |
| | 2041-2044 | 3,111,197 | 466,682 | 3,577,879 |
| Total Water Fund | | 15,121,527 | 6,789,399 | 21,910,926 |
| **Sewage Disposal Fund** | | | | |
| | 2026 | 2,280,589 | 1,368,246 | 3,648,835 |
| | 2027 | 1,990,655 | 1,271,711 | 3,262,366 |
| | 2028 | 1,749,522 | 1,189,675 | 2,939,197 |
| | 2029 | 1,749,522 | 1,119,694 | 2,869,216 |
| | 2030 | 1,749,522 | 1,049,713 | 2,799,235 |
| | 2031-2035 | 8,747,608 | 4,548,756 | 13,296,364 |
| | 2036-2040 | 8,747,608 | 3,673,995 | 12,421,603 |
| | 2041-2044 | 6,998,091 | 1,049,714 | 8,047,805 |
| Total Sewage Disposal Fund | | 34,013,117 | 15,271,504 | 49,284,621 |
| Total Business-type Activities | | $ 49,134,644 | $ 22,060,903 | $ 71,195,547 |

## NOTE 12 – LONG-TERM DEBT (cont.)

### *INTEREST EXPENSE*

The following represents the amounts recorded as interest expense for the year ended June 30, 2025:

| | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| Revenue bonds and loans | $ 112,658,327 | $ 117,597,257 | $ 230,255,584 |
| Regional System Lease | 16,298,059 | 19,919,849 | 36,217,908 |
| Raw water rights obligation | 2,680,672 | - | 2,680,672 |
| BC Note obligation | 650,052 | 1,462,173 | 2,112,225 |
| Lease payable - warehouse | - | 98,367 | 98,367 |
| Subscription liability | 70,906 | 70,906 | 141,812 |
| Total Interest Expense | $ 132,358,016 | $ 139,148,552 | $ 271,506,568 |

## NOTE 13 – REGIONAL SYSTEMS LEASES PAYABLE AND RELATED PREPAID LEASE

On January 1, 2016, the Authority effectuated lease agreements with the City for the regional water and sewage disposal systems for a term of 40 years, to be extended automatically to coincide with the final maturity of any bonds for an annual lease payment of $50 million. Currently, $22,500,000 is allocated to the Water Fund and $27,500,000 is allocated to the Sewage Disposal Fund. The lease for the water system provides service to the wholesale customers and the retail water customers of the City up to the point of connection to the local water system facilities of the City. The lease for the sewage disposal system provides service to the wholesale customers and the retail sewage disposal customers of the City up to the point of connection to the local sewage disposal system facilities of the City. In addition, both leases provide that certain other assets including cash and investments held by DWSD as of December 31, 2015 be transferred to GLWA, all revenues of the regional and local water and sewage disposal systems are assigned to GLWA, and that GLWA assumes all DWSD bonded debt and certain other liabilities. The long-term leases are recorded as the present value of all future debt payments.

The regional system leases were recorded under GASB 69 to record the acquisition of the operations of the City of Detroit water and sewage disposal systems. The liability for the leases is allocated in the computation of net position based upon the components of net position acquired. Under the definitions of the regional system leases all improvements, additions and replacements to the original facilities acquired are considered to be leased facilities.

## NOTE 13 – REGIONAL SYSTEMS LEASES PAYABLE AND RELATED PREPAID LEASE (cont.)

Amounts reported as a liability at year-end represent the net present value of all future lease payments. Changes in the Regional Systems leases payable for the year ended June 30, 2025 were as follows:

| | Beginning Balance | Increase | Decrease | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Water Fund | $ 394,167,195 | $ - | $ (6,180,465) | $ 387,986,730 | $ 6,443,173 |
| Sewage Disposal Fund | 481,759,905 | - | (7,553,901) | 474,206,004 | 7,874,989 |
| Total Business-type Activities | $ 875,927,100 | $ - | $ (13,734,366) | $ 862,192,734 | $ 14,318,162 |

* The current portion of the Regional Systems leases payable represents the 12 monthly payments required from July 1, 2025 through June 30, 2026. Future revenues are intended to cover these payments.

As of June 30, 2025, aggregate requirements of the Regional Systems leases were as follows:

| | Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|---|
| **Water Fund** | | | | |
| | 2026 | $ 6,443,173 | $ 16,056,827 | $ 22,500,000 |
| | 2027 | 6,717,048 | 15,782,952 | 22,500,000 |
| | 2028 | 7,002,565 | 15,497,435 | 22,500,000 |
| | 2029 | 7,300,218 | 15,199,782 | 22,500,000 |
| | 2030 | 7,610,524 | 14,889,476 | 22,500,000 |
| | 2031-2035 | 43,188,974 | 69,311,026 | 112,500,000 |
| | 2036-2040 | 53,182,203 | 59,317,797 | 112,500,000 |
| | 2040-2044 | 65,487,702 | 47,012,298 | 112,500,000 |
| | 2045-2049 | 80,640,495 | 31,859,505 | 112,500,000 |
| | 2050-2054 | 99,299,398 | 13,200,602 | 112,500,000 |
| | 2055-2056 | 11,114,430 | 135,570 | 11,250,000 |
| Total Water Fund | | 387,986,730 | 298,263,270 | 686,250,000 |

## NOTE 13 – REGIONAL SYSTEMS LEASES PAYABLE AND RELATED PREPAID LEASE (cont.)

| | Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|---|
| **Sewage Disposal Fund** | | | | |
| | 2026 | $ 7,874,989 | $ 19,625,011 | $ 27,500,000 |
| | 2027 | 8,209,726 | 19,290,274 | 27,500,000 |
| | 2028 | 8,558,691 | 18,941,309 | 27,500,000 |
| | 2029 | 8,922,489 | 18,577,511 | 27,500,000 |
| | 2030 | 9,301,751 | 18,198,249 | 27,500,000 |
| | 2031-2035 | 52,786,524 | 84,713,476 | 137,500,000 |
| | 2036-2040 | 65,000,470 | 72,499,530 | 137,500,000 |
| | 2040-2044 | 80,040,525 | 57,459,475 | 137,500,000 |
| | 2045-2049 | 98,560,605 | 38,939,395 | 137,500,000 |
| | 2050-2054 | 121,365,930 | 16,134,068 | 137,499,998 |
| | 2055-2056 | 13,584,304 | 165,697 | 13,750,001 |
| Total Sewage Disposal Fund | | 474,206,004 | 364,543,995 | 838,749,999 |
| Total Business-type Activities | | $ 862,192,734 | $ 662,807,265 | $ 1,524,999,999 |

As part of the 2018 MOU, the MBO requirement for six months of lease payments made to DWSD on January 1, 2016 will be treated as a prepaid lease payment. The initial term of the regional system leases began on the effective date and ends on December 31, 2055. GLWA's last monthly payment shall be June 1, 2055 and GLWA's $25 million lease pre-payment on January 1, 2016 shall be applied to the period of July 1, 2055 through December 31, 2055. Of the $25 million recorded as a prepaid on the statement of net position, $11,250,000 is recorded in the Water Fund and $13,750,000 is in the Sewage Disposal Fund.

## NOTE 14 – OTHER LIABILITIES

Changes in other liabilities for the year ended June 30, 2025 were as follows:

| | Beginning Balance | Increase | Decrease | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Water Fund** | | | | | |
| Subscription liability | $ 1,575,059 | $ 575,956 | $ (411,576) | $ 1,739,439 | $ 425,129 |
| Compensated absences | 5,543,237 | 4,041,474 | (4,067,609) | 5,517,102 | 3,830,181 |
| Workers' compensation | 657,892 | 240,276 | (148,567) | 749,601 | 674,600 |
| Claims and judgements | 125,000 | - | - | 125,000 | 125,000 |
| Cash held for the benefit of DWSD budget stabilization | 2,000,000 | - | - | 2,000,000 | - |
| Total Water Fund | 9,901,188 | 4,857,706 | (4,627,752) | 10,131,142 | 5,054,910 |

## NOTE 14 – OTHER LIABILITIES (cont.)

| | Beginning Balance | Increase | Decrease | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Sewage Disposal Fund** | | | | | |
| Lease payable – warehouse | $ 3,501,324 | $ - | $ (414,719) | $ 3,086,605 | $ 436,958 |
| Subscription liability | 1,575,059 | 575,956 | (411,576) | 1,739,439 | 425,129 |
| Compensated absences | 2,360,719 | 1,965,829 | (2,090,145) | 2,236,403 | 1,140,035 |
| Claim and judgements | 5,767,357 | 65,000 | (3,752,357) | 2,080,000 | 2,080,000 |
| DWSD local system capital contribution from EFSD | 16,052,563 | 340,881 | (8,557,957) | 7,835,487 | 2,400,000 |
| Cash held for the benefit of DWSD budget stabilization | 5,500,000 | - | - | 5,500,000 | - |
| Total Sewage Disposal Fund | 34,757,022 | 2,947,666 | (15,226,754) | 22,477,934 | 6,482,122 |
| Total Business-type Activities | $ 44,658,210 | $ 7,805,372 | $ (19,854,506) | $ 32,609,076 | $ 11,537,032 |

### *LEASE PAYABLE – WAREHOUSE*

The Authority entered into a lease agreement for a warehouse to store inventory for operational needs which began on April 1, 2021. The lease was recorded under GASB 87 using a discount rate of 3%. The lease term is for 5 years and 4 months with one five-year renewal option. The Authority has included the renewal period when recording the lease. An estimate of a 2.5% CPI at the time of renewal was used in calculating the payments for the renewal period.

The future lease payments are detailed below:

| | Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|---|
| **Sewage Disposal Fund** | | | | |
| | 2026 | $ 436,958 | $ 86,622 | $ 523,580 |
| | 2027 | 462,398 | 73,181 | 535,579 |
| | 2028 | 490,037 | 58,931 | 548,968 |
| | 2029 | 518,856 | 43,836 | 562,692 |
| | 2030 | 548,900 | 27,860 | 576,760 |
| | 2031-2032 | 629,456 | 11,089 | 640,545 |
| Total Sewage Disposal Fund | | $ 3,086,605 | $ 301,519 | $ 3,388,124 |

**NOTE 14 – OTHER LIABILITIES** (cont.)

The right to use assets acquired through the lease are summarized below:

| | Cost | Accumulated Amortization | Ending Book Value |
|---|---|---|---|
| **Sewage Disposal Fund** | | | |
| Warehouse | $ 4,543,607 | $ (1,868,742) | $ 2,674,865 |

***SUBSCRIPTION LIABILITY – RIGHT TO USE ASSET***

The Authority entered into a contract for software as a service (SaaS) with Workday for a human resource (HCM) and finance (FINS) enterprise resource planning (ERP) system effective April 1, 2022 for 8 years ending in fiscal year 2030. The HCM module went live in fiscal year 2024. The FINS module went live on July 1, 2024. The subscription liability was recorded under GASB 96 on January 1, 2024 using a discount rate of 4 percent. This contract is considered a centralized service that is split 50/50 between the water and the sewage disposal fund.

The future contract payments are detailed below:

| | Year Ended June 30 | Principal | Interest | Total |
|---|---|---|---|---|
| **Water Fund** | | | | |
| | 2026 | $ 425,129 | $ 67,378 | $ 492,507 |
| | 2027 | 463,276 | 51,020 | 514,296 |
| | 2028 | 496,136 | 33,232 | 529,368 |
| | 2029 | 354,898 | 14,197 | 369,095 |
| Total Water Fund | | 1,739,439 | 165,827 | 1,905,266 |
| **Sewage Disposal Fund** | | | | |
| | 2026 | 425,129 | 67,378 | 492,507 |
| | 2027 | 463,276 | 51,020 | 514,296 |
| | 2028 | 496,136 | 33,232 | 529,368 |
| | 2029 | 354,898 | 14,197 | 369,095 |
| Total Sewage Disposal Fund | | 1,739,439 | 165,827 | 1,905,266 |
| Total Business-type Activities | | $ 3,478,878 | $ 331,654 | $ 3,810,532 |

## NOTE 14 – OTHER LIABILITIES (cont.)

The subscription asset was recorded based on the subscription liability amount plus implementation cost. The subscription assets at June 30, 2025 are summarized below:

| | Cost | Accumulated Amortization | Ending Book Value |
|---|---|---|---|
| **Water Fund** | | | |
| Workday SaaS | $ 5,967,718 | $ (1,380,779) | $ 4,586,939 |
| NEXGEN | 2,561,284 | (418,169) | 2,143,115 |
| Total Water Fund | $ 8,529,002 | $ (1,798,948) | $ 6,730,054 |
| **Sewage Disposal Fund** | | | |
| Workday SaaS | $ 5,967,718 | $ (1,380,779) | $ 4,586,939 |
| NEXGEN | 2,561,284 | (418,169) | 2,143,115 |
| Total Sewage Disposal Fund | 8,529,002 | (1,798,948) | 6,730,054 |
| Total Business-type Activities | $ 17,058,004 | $ (3,597,896) | $ 13,460,108 |

### *COMPENSATED ABSENCES*

The Authority has a paid time off (PTO) policy which has an annual accrual period ending September 30 each year. Starting September 30, 2024, employees are allowed to carry over a maximum bank of 100 hours to the next accrual period. Balances greater than 100 hours up to a maximum of 180 hours are converted to the retiree health saving program at 100% of the value of the PTO time. Hours in excess of 180 hours are forfeited if unused by September 30 of each accrual period. The accrued compensated absences on June 30, 2025 for PTO accruals are $3,727,545 for the Water Fund and $1,073,332 for the Sewage Disposal Fund which is current.

The Authority has an accrued compensated absence liability that was assumed on January 1, 2016 relating to the accumulated unpaid vacation and sick leave balances for those employees who retired from the City or resigned from the City and accepted employment with the Authority on January 1, 2016. All but approximately $1,900 of the vacation time has been paid. Employees hired after January 1, 2016 do not have accumulated sick leave. With the adoption of GASB Statement 101, the Authority accrued an additional amount related to the remaining sick leave balances at June 30, 2025 based on the payment history since 2016. The amount included in the accrued compensated absences is $1,789,556 of which $102,635 is current for the Water Fund and $1,163,071 of which $66,704 is current for the Sewage Disposal Fund.

The accrued compensated absences include the employers' share of Social Security and Medicare taxes as well as the 401 (a) employer contribution.

### *WORKERS' COMPENSATION*

Workers' compensation is discussed in Note 15 Risk Management/Self-Insurance Programs.

### *CLAIMS AND JUDGEMENTS*

The Authority has accrued in its financial statements for known asserted claims in which future settlements may be necessary. See Note 15 for discussion of risk of loss and insurance coverages.

## NOTE 14 – OTHER LIABILITIES (cont.)

***DWSD LOCAL SYSTEM CAPITAL CONTRIBUTION FROM EFSD***

The Authority is holding a DWSD local system contribution received from the Evergreen-Farmington Sanitary Drain Drainage District for specific DWSD local system construction projects which were identified in an agreement. These funds are being disbursed to DWSD as the project expenses are incurred.

***CASH HELD FOR THE BENEFIT OF DWSD BUDGET STABILIZATION***

Under the terms of the Master Bond Ordinance (MBO), the Authority retains cash on hand for the benefit of DWSD for budget stabilization funds to be used if DWSD has cash shortfalls. The 2018 Memorandum of Understanding set the balance to be retained in the Budget Stabilization Funds at $7,500,000 for the life of the Regional System Leases. The Water Fund has retained $2,000,000 and the Sewage Disposal Fund has $5,500,000.

## NOTE 15 – RISK MANAGEMENT/SELF-INSURANCE PROGRAMS

The Authority is exposed to various types of risk of loss including torts; theft of, damage to, or destruction of assets; errors or omissions; occupationally related illnesses or injuries to employees; natural disasters; and environmental occurrences. Also included are risk of loss associated with providing medical and prescription drug benefits to employees.

The Authority transfers risk via the purchase of a variety of insurance policies the most significant of which are shown in the table below (alphabetical by coverage):

| Coverage | Coverage Limits | Maximum Retention Per Occurrence |
|---|---|---|
| Aviation | $ 5,000,000 | Physical damage 10% of insured value |
| Fiduciary | $ 15,000,000 | $ 5,000 |
| General Liability | $ 10,000,000 | $ 1,000,000 |
| Pollution Legal Liability | $ 25,000,000 | $ 500,000 |
| Property Damage | $ 750,000,000 | $3,500,000 combined for all coverages |
| Public Officials and Employment Practices | $ 30,000,000 | $ 750,000 |
| Underground Storage Tanks | $ 2,000,000 | $ 5,000 |
| Workers' Compensation | Statutory/$ 2,000,000 | $ 1,250,000 |

The Authority assumes all risk for motor vehicle physical damage.

Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage since inception of the Authority.

A liability for claims is reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The Authority estimates the liability for medical and worker's compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported, which includes estimates of both future payments of losses and related claim adjustments expense. The liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims.

## NOTE 15 – RISK MANAGEMENT/SELF-INSURANCE PROGRAMS (cont.)

### *MEDICAL AND PRESCRIPTION DRUG INSURANCE*

The Authority provides medical and prescription drug benefits to a significant number of employees through a self-insured health plan that is administered by third party administrators. The Authority has stop loss insurance for its self-insured medical and prescription drug plans with terms of $300,000 per contract to reduce risk exposure. The self-insured program is administered by a third-party administrator who provides claims review and processing services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits. Claim payments are reported net of rebates received for negotiated pricing for pharmacy benefits and stop loss reimbursements. The unpaid claims estimate is accrued within the Water Fund's accrued salaries, wages and benefits payable account on the Statement of Net Position. Although the liability is recorded in the Water Fund, the Sewage Disposal Fund's share of these costs are allocated through the Centralized and Administrative Services allocation.

| | 2025 | 2024 |
|---|---|---|
| Unpaid claims, beginning of year | $ 534,615 | $ 548,912 |
| Incurred claims (including change in IBNR provisions) | 12,743,091 | 10,795,664 |
| Claims payments | (11,786,115) | (10,809,961) |
| Unpaid Claims, End of Year | $ 1,491,591 | $ 534,615 |

### *WORKERS' COMPENSATION*

The Authority maintains a self-insurance program for workers' compensation coverage up to statutory limits. The program is administered by a third-party who provides claim review and medical bill review services. Claim liabilities are calculated considering the effects of recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The claim liabilities also include estimated costs for claim administration fees and outside legal and medical assistance costs. The liabilities for workers' compensation current year claims is based on estimates and payments are based on actuals. The unpaid claims estimate is accrued within the Water Fund's accrued workers' compensation account (See Note 14). Although the liability is recorded in the Water Fund, the Sewage Disposal Fund's share of these costs are allocated through the Centralized and Administrative Services allocation.

Changes in the balances of claims liabilities during the past two years are as follows:

| | 2025 | 2024 |
|---|---|---|
| Unpaid claims, beginning of year | $ 657,892 | $ 218,373 |
| Incurred claims (including change in IBNR provisions) | 240,276 | 702,816 |
| Claims payments | (148,567) | (263,297) |
| Unpaid Claims, End of Year | $ 749,601 | $ 657,892 |

## NOTE 16 – DEFINED CONTRIBUTION PENSION PLANS

### *DEFINED CONTRIBUTION PLANS*

The Great Lakes Water Authority Defined Contribution Retirement Plan is a 401(a) governmental money purchase plan administered by MissionSquare Retirement (the "Administrator") to provide benefits at retirement to all full-time employees of the Authority. The Authority contributes 6.0% of an employee's base pay to the plan. The Authority will make an additional contribution to the 401(a) plan to match employee contributions under the Great Lakes Water Authority 457 Plan up to 3% of compensation. Employees are 100% vested after three years of service (cliff vesting). Employees who transferred to the Authority on or around January 1, 2016 from DWSD retain their years of service for vesting purposes. The Authority recognized expense of $7,138,147, which is net of forfeitures of $125,197, for the year ended June 30, 2025. The Authority has accrued approximately $172,000 of 401(a) expense on the accrued payroll at June 30, 2025. At June 30, 2025, there were 1,354 plan members, of which 1,024 are active.

The Great Lakes Water Authority Defined Contribution Plan Make-Up Benefit is a 401(a) governmental money purchase plan administered by MissionSquare Retirement (the "Administrator") to provide benefits at retirement to all employees who terminated employment with DWSD on or around January 1, 2016 and were not vested in the City of Detroit General Retirement System (GRS). Eligible employees were required to rollover to the Authority's Section 457 Deferred Compensation Plan their refunded employee mandatory contribution from GRS. The amount of the make-up benefit was determined by an actuary based on the present value of the lost GRS benefit. It was accrued in fiscal year 2018 and funded during fiscal year 2019. No additional contributions are required for this plan. Employees are 100% vested after one year of service. At June 30, 2025 there are 24 participants in the plan.

The Authority has a Section 457 Deferred Compensation Plan which employees can make pre-tax or post-tax (Roth) contributions which are immediately 100% vested. At June 30, 2025 there were 1,435 plan members, of which 1,056 are active.

The Authority has a Roth IRA Plan which allows employees to make post-tax contributions which are immediately 100% vested. At June 30, 2025 there are 139 participants in the plan.

### *RETIREMENT HEALTH SAVINGS PLAN*

The Authority also provides a Retirement Health Savings Program for full-time employees. Employees are required to contribute $10 per pay period and the Authority contributes $80 per pay period. Employees are 100% vested after three years of service (cliff vesting). Employees who transferred to the Authority on or around January 1, 2016 from DWSD retain their years of service for vesting purposes. Members can access their account for reimbursement of qualified medical expenses and payment of insurance premiums for their dependents when they separate from GLWA and reach age 60. The Authority recognized an expense of $2,344,745 which is net of forfeitures of $74,703, for the year ended June 30, 2025. The Authority has accrued approximately $49,184 of expense on the accrued payroll at June 30, 2025. Employee contributions were $274,770 for the year ended June 30, 2025. At June 30, 2025, there were 2,024 plan members, of which 1,108 are active.

## NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION)

As part of the City of Detroit bankruptcy plan of adjustment (POA) and the Regional System Leases (Section 4.3), the City, the General Employees' Retirement System of the City of Detroit (GRS or the System) and the Authority entered into an agreement on December 1, 2015 that set forth the terms for contributions and reporting of the DWSD share of the GRS pension pool. GRS provides the information necessary for the Authority and DWSD to report the proportionate share separately in their respective statements. On January 24, 2017, DWSD and the Authority provided a supplement to the agreement whereby GRS is directed to allocate investments and pension liabilities of the DWSD division on the basis of 70.3% to the Authority and 29.7% to DWSD effective January 1, 2016. This agreement constitutes a special funding situation pursuant to the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As such, while no Authority employees earn service credit in the legacy or hybrid plans, GLWA is legally responsible for making contributions to a legacy pension plan of another entity and, accordingly, must record a net pension liability for its proportion and make the following disclosures regarding the plan as repaired by the standard. Information is available in a separate audit report for the "General Retirement System of the City of Detroit Financial Report with Supplemental Information" as well as "The General Retirement System of the City of Detroit GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pension Plans of Component II" as of June 30, 2024 which are available by contacting the Authority's management.

*Plan Administration.* The Authority contributes to (and DWSD participates in) the System. The System is a single employer plan which is referred to as the Component II plan. The plan is administered by its own board of trustees. Component II is the legacy plan, the original defined benefit plan, which includes a defined benefit component and a defined contribution component. Component II generally applies to benefits accrued by members prior to July 1, 2014. On June 30, 2014, as a result of negotiations between the City and the public employee unions, the existing benefit formulas were frozen, and no employees were allowed to earn benefits under the existing plan. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries. Plan members include active employees, retirees and beneficiaries from various departments within the City. Component II also includes the income stabilization fund. The fund, a part of Component II and established as a provision of the POA, was established for the sole purpose of paying the income stabilization benefits to eligible pensioners. Complete details regarding the Component II benefits and changes in those benefits by virtue of the POA are presented in the System financial statements.

The System issues publicly available financial reports that include financial statements and the required supplementary information. The reports can be obtained from City of Detroit Retirement Systems, One Detroit Center, 500 Woodward Avenue, Suite 3000, Detroit, MI 48226 or obtained from the Systems' website (www.rscd.org). Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports.

*Benefits Provided.* Plan members may retire at age 55, 60 or 65 with 8, 10, 25 or 30 years of credited service depending on which group the employee is in. Members are vested after completing 8 or 10 years of credited service. Retirement options that provide for survivor benefits are available to members. The Plan also provides death and disability benefits. If a member leaves employment or dies before vesting, accumulated member contributions plus interest are refunded to the member or designated beneficiary.

*Employer Contributions.* Employer contributions, including the Authority's nonemployer contribution, for the respective components are as follows:

## NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION) (cont.)

During fiscal year 2024, employer contributions were actuarially determined based on the amount necessary to fund the plan on an actuarial basis. For fiscal year 2024, total employer contributions from the city-related entities and GLWA were $82.5 million, which includes $375,000 from the Foundation for Detroit's Future (the "Foundation"). In addition, during fiscal year 2024, Component II received $23,185,142 from the Protecting Michigan Pension Grant Program, which includes $217,095 in interest from the City of Detroit, Michigan given the funds were first sent to the City prior to being transferred to Component II.

Subsequent to 2023, DWSD and the Authority will be responsible for paying their allocable share of any additional amounts that are actuarially determined to be payable. The 2025 contribution was included in the GRS annual actuarial valuation of Component II dated June 30, 2024. The total share for the DWSD is estimated to be $2.3 million for Unfunded Actuarial Accrued Liability (UAAL) and administrative expense. GLWA's share of the 2025 estimated contribution will be $1.54 million with approximately $0.55 million allocated to the Water Fund and approximately $0.99 million allocated to the Sewage Disposal Fund.

*DWSD Employee Contributions.* Contribution requirements of plan members are established and may be amended by the GRS Board of Trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2024, there were no employee contributions into Component II, as the plan was frozen as of June 30, 2014; contributions into Component I began thereafter.

*Actuarial Assumptions.* The total pension liability was actuarial determined as of June 30, 2023, which used updated procedures to roll forward the estimated liability to June 30, 2024. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement.

| | |
|---|---|
| Inflation | Not applicable |
| Salary increases | No inflation assumption or salary increases due to plan freeze as of June 30, 2014 |
| Investment rate of return | 6.75%, net of investment expense and including inflation |

Note that the long-term assumed rate of return used for the purpose of the GASB Statement No. 67 valuations was determined in accordance with generally accepted accounting principles. This rate will change annually based on capital market expectations in consideration of the System's most recently approved asset mix. This should not be confused with the provisions in the Plan of Adjustment, which established a 6.75 percent assumed rate of return that does not change annually as it is set by the POA for the purpose of the various provisions within the plan; the Plan of Adjustment did not attempt to dictate the long-term rate of return to be used for accounting purposes.

The mortality table assumption was based on the PubG-2010(B) Below-Median General Retiree Table. The tables are projected to be fully generational, based on the two-dimensional, sex-distinct mortality scale MP-2021.

**NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION)** (cont.)

The actuarial assumptions, other than the investment rate of return, used in the June 30, 2023 valuation to calculate the total pension liability as of June 30, 2024 were based on the results of an actuarial experience study for the period from July 1, 2015 through June 30, 2020. The assumptions were first used in the June 30, 2021 actuarial valuation and assumption changes included mortality tables (change from the RP-2014 Blue Collar Annuitant Table), withdrawal rates, and disability rates.

*Investment Rate of Return*. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the long-term expected real rate of return as of June 30, 2024 for each major asset class and the target allocations are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global equity | 46.0% | 4.45% |
| Global fixed income | 33.0% | 4.30% |
| Real estate | 13.0% | 4.11% |
| Diversifying strategies | 8.0% | 4.09% |
| | 100.0% | |

*Single Discount Rate.* A Single Discount Rate of 6.75%, net of investment expenses, was used to measure the total pension liability as of June 30, 2024. This Single Discount Rate was based on the expected rate of return on pension plan investments of 6.75% as directed by the System and approved by the System's auditor. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions have ceased and that employer contributions will be made at rates equal to those set by System's funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Net Pension Liability*. As permitted by GASB Statement No. 68, the net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The information below represents the Authority's share of System pension liability activity which is allocated between the water fund and sewage disposal fund. DWSD separately reports its pro rata share of activity in its separate financial statements.

## NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION) (cont.)

*Changes in the Net Pension Liability.* The components of the change in the Authority's share of the net pension liability are summarized as follows:

| | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| Total pension liability | $ 155,391,878 | $ 278,102,130 | $ 433,494,008 |
| Plan fiduciary net position | (144,803,877) | (259,152,971) | (403,956,848) |
| Authority's net pension liability | $ 10,588,001 | $ 18,949,159 | $ 29,537,160 |

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| **Water Fund** | | | |
| Balances at June 30, 2024 | $ 161,412,106 | $ 148,132,440 | $ 13,279,666 |
| Changes for the year: | | | |
| Interest | 10,405,375 | - | 10,405,375 |
| Differences between expected and actual experience | (1,571,043) | - | (1,571,043) |
| Changes in assumptions | 118,314 | - | 118,314 |
| Employer contributions | - | 176,400 | (176,400) |
| Net investment income | - | 12,380,332 | (12,380,332) |
| Benefit payments, including refunds of employee contributions | (14,972,874) | (14,972,874) | - |
| Adminstrative expenses | - | (296,435) | 296,435 |
| Other changes | - | (615,986) | 615,986 |
| Net changes | (6,020,228) | (3,328,563) | (2,691,665) |
| Balances at June 30, 2025 | $ 155,391,878 | $ 144,803,877 | $ 10,588,001 |

**NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION)** (cont.)

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| **Sewage Disposal Fund** | | | |
| Balances at June 30, 2024 | $ 288,876,428 | $ 265,110,042 | $ 23,766,386 |
| Changes for the year: | | | |
| Interest | 18,622,319 | - | 18,622,319 |
| Differences between expected and actual experience | (2,811,670) | - | (2,811,670) |
| Changes in assumptions | 211,744 | - | 211,744 |
| Employer contributions | - | 315,700 | (315,700) |
| Net investment income | - | 22,156,864 | (22,156,864) |
| Benefit payments, including refunds of employee contributions | (26,796,691) | (26,796,691) | - |
| Adminstrative expenses | - | (530,524) | 530,524 |
| Other changes | - | (1,102,420) | 1,102,420 |
| Net changes | (10,774,298) | (5,957,071) | (4,817,227) |
| Balances at June 30, 2025 | $ 278,102,130 | $ 259,152,971 | $ 18,949,159 |

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*. The following presents the net pension liability of the Authority, calculated using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.75%) or 1% higher (7.75%) than the current rate:

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|---|---|---|---|
| Water Fund | $ 12,871,720 | $ 10,588,001 | $ 8,611,272 |
| Sewage Disposal Fund | 23,036,293 | 18,949,159 | 15,411,444 |
| Authority's Net Pension Liability | $ 35,908,013 | $ 29,537,160 | $ 24,022,716 |

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued plan financial statements.

*Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions*. For the year ended June 30, 2025, the Authority recognized pension expenses of $1,084,873 and $1,941,578 for the water and sewage disposal funds, respectively. At June 30, 2025, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

**NOTE 17 – NET PENSION LIABILITY (SPECIAL FUNDING SITUATION)** (cont.)

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|---|---|---|---|
| **Water fund** | | | |
| Net difference between projected and actual earnings on pension plan investments | $ 1,561,693 | $ - | $ 1,561,693 |
| Employer contributions to the plan subsequent to the measurement date | 403,200 | - | 403,200 |
| Total Water Fund | 1,964,893 | - | 1,964,893 |
| **Sewage disposal fund** | | | |
| Net difference between projected and actual earnings on pension plan investments | 2,794,936 | - | 2,794,936 |
| Employer contributions to the plan subsequent to the measurement date | 721,600 | - | 721,600 |
| Total Sewage Disposal Fund | 3,516,536 | - | 3,516,536 |
| Total Business-type Activities | $ 5,481,429 | $ - | $ 5,481,429 |

Amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended June 30 | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| 2026 | $ (1,361,107) | $ (2,435,950) | $ (3,797,057) |
| 2027 | 3,711,142 | 6,641,766 | 10,352,908 |
| 2028 | (208,833) | (373,746) | (582,579) |
| 2029 | (579,509) | (1,037,134) | (1,616,643) |
| **Total** | $ 1,561,693 | $ 2,794,936 | $ 4,356,629 |

*Payable to the Pension Plan.* At June 30, 2025, the Authority did not have any outstanding contributions payable to the pension plan for the year then ended.

## NOTE 18 – COMMITMENTS AND CONTINGENCIES

### *CAPITAL IMPROVEMENT PROGRAM*

The Authority is engaged in a variety of projects that are part of its five-year capital improvement program (the Program). The total cost of this Program for the Water Fund is anticipated to be approximately $1.1 billion with an 100% spend rate assumption through fiscal year 2028 and 95% spend rate through 2030. The total cost for the Sewage Disposal Fund is anticipated to be approximately $1.3 billion with a spend rate assumption between 80% - 96% for fiscal years 2026 through 2029 and 100% in 2030. The Program is being financed from revenue bond and state revolving fund loan proceeds in addition to the Improvement and Extension Funds.

The total amount of construction contract commitments outstanding at June 30, 2025 was approximately $361 million for the Water Fund and $814 million for the Sewage Disposal Fund.

The current wastewater disposal service contract with the Oakland-Macomb Interceptor Drain Drainage District (OMIDD) provides for OMIDD to maintain, repair, and improve Interceptor PCI-5, the Northeast Sewer Pump Station and the North Interceptor East Arm, which are related to the capital assets in the Regional Sewage Disposal System Lease (See Note 13). The amount of capital improvements in progress related to the contract are estimated by OMIDD to be worth $72.5 million for the Sewage Disposal Fund at June 30, 2025. At a future date, in accordance with the contract, OMIDD will offer and transfer the assets, following GLWA's acceptance, as the assets are placed in service.

### *SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)*

The Authority has one SBITA that is in the implementation phase. A summary of the commitments for the SBITA is detailed below:

Kahau is a project management information system subscription service. The contract is for $3.9 million, for a duration of seven years, with an additional $0.9 million optional allowance for add-ons. The contract ends December 31, 2031. The anticipated in-service date for phase 1 is expected during fiscal year 2026 and phase 2 is expected during fiscal year 2027. There is a separate implementation contract which ends in December 2031 for a not to exceed cost of $3.15 million. Implementation costs incurred up to the date placed in service will be capitalized. The Authority's remaining commitment for the two contracts is $6.4 million, which will be split 50/50 between the water fund and sewage disposal fund.

### *2021 RAIN EVENTS*

During the Summer of 2021, GLWA's service area experienced several intense rain events. These rain events resulted in sewer backups, causing property damage. GLWA received over 24,000 property damage claims from these intense rain events. Most of the claims relate to rain events occurring on June 25-26, 2021 and July 16, 2021.

## NOTE 18 – COMMITMENTS AND CONTINGENCIES (cont.)

The Board hired an independent investigative team to review the rain events. In June 2022, the Independent Investigative Team reviewing the rain events of June and July 2021 presented its final report to the Great Lakes Water Authority (GLWA) Board of Directors. The report concluded that heavy and historic rainfalls exceeded the design capacity of the wastewater system, making surface flooding and basement backups inevitable. For the June 25-26, 2021 rain event, the report also stated that even if every piece of piping and equipment in the regional system worked in an ideal manner, basement backups and surface flooding would still have occurred in GLWA's system, or any other collection system designed to today's standard. This standard reflects a collection system designed to handle 1.7 inches of rain in one hour (with no rain before/no rain after) or 3.31 inches in 24 hours. On June 25, 2021 more than six inches was experienced in only half that time, which is double the maximum design standard for 24 hours.

In July 2022, GLWA announced that it is denying all claims submitted to the Authority related to the historic rain events that took place in the summer of 2021. Official notification was mailed to the claimants. This decision was based on the findings of the independent investigation and that under Michigan's Governmental Liability for Negligence Act, a public entity such as GLWA can only be liable for a sewage disposal system event (a basement backup) if a defect in its sewage disposal system was the substantial proximate cause (50 percent or more of the cause) of the event and property damage or physical injury.

While no claim under an individual lawsuit would have a material impact on GLWA's operations or revenues, in the aggregate, the claimed amounts under all such lawsuits could be material The trial court dismissed most of the lawsuits against GLWA based on governmental immunity. The plaintiffs appealed the dismissal to the Michigan Court of Appeals. The Court of Appeals reversed the trial courts order of dismissal as premature and remanded the case to the trial court to allow the case to proceed with discovery. GLWA is appealing the Court of Appeals' decision to the Michigan Supreme Court.

The Authority received an insurance settlement of $10.6 million in prior years for infrastructure repairs related to the flooding event. The insurance payments were net of the $1 million deductible on the insurance policy. The Federal Emergency Management Agency (FEMA) has reimbursed the Authority for the $1 million deductible, net of the GLWA 10% cost share. Final costs related to infrastructure repairs have been accounted for in fiscal year 2025. GLWA has outstanding FEMA reimbursements receivable of $2.2 million related to the flood event.

### *CONTINGENCIES*

The Authority is subject to various government environmental laws and regulations. GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, established accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remedial activities such as site assessments and cleanups. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care. The Authority determined that there were no estimated pollution remediation obligations to be recorded at June 30, 2025.

## NOTE 18 – COMMITMENTS AND CONTINGENCIES (cont.)

GASB Statement No. 83, *Certain Asset Retirement Obligations*, established accounting and financial reporting standards for legally enforceable liabilities related to the retirement of tangible capital asset(s) where the tangible capital asset is permanently removed from service. The retirement of a tangible capital asset can occur via sale, abandonment, recycling or disposal in some other manner and excludes the temporary idling of a tangible capital asset. An asset retirement obligation does not apply to obligations resulting from the disposal, or plan to dispose, of a tangible capital asset; obligation(s) associated with using a tangible capital asset for a different purpose; obligation(s) for pollution remediation; obligation(s) from regular maintenance or the cost to replace a component. The Authority determined there were no legally enforceable asset retirement obligations to be recorded at June 30, 2025.

The Sewage Disposal Fund's operations are subject to regulation pursuant to the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 and the Water Quality Act of 1987 (collectively, the Clean Water Act). Included in the regulatory framework established by the Clean Water Act is the National Pollutant Discharge Elimination System (NPDES) permit program, which requires operation of wastewater system facilities according to discharge limitations and other requirements as set forth in permits issued to each facility. The Environmental Protection Agency (EPA) has authorized the Michigan Department of Environmental Quality (MDEQ) to implement and enforce the federal NPDES permit program. The Sewage Disposal Fund operates pursuant to the NPDES Permit. The Authority's current NPDES permit was issued July 1, 2019 and expired on October 1, 2022. A new permit application was submitted in March 2022. The Authority will continue to operate under the old permit until the new permit is issued.

The Authority is a defendant in numerous alleged claims, lawsuits, billing disputes, and other stated and pending demands. The Authority's Legal Department has estimated a reserve of $125,000 for the Water Fund and $2,080,000 for the Sewage Disposal Fund, which are included in the accompanying financial statements, for the potential outcome of such claims or the amount of potential damages in the event of an unfavorable outcome for each of the above contingencies. The Authority's management believes that any differences in reserved amounts and final settlement, after consideration of claims covered by insurance, resulting from such litigation will not materially impact the Authority's financial position or results of operations.

The Authority holds various commercial insurance policies to cover other potential loss exposures.

## NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2025 was as follows:

| | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| Capital Assets | | | |
| Nondepreciable/nonamortizable | $ 841,843,338 | $ 617,979,428 | $ 1,459,822,766 |
| Depreciated/amortized – net | 1,299,448,724 | 1,845,054,565 | 3,144,503,289 |
| Total Capital Assets | 2,141,292,062 | 2,463,033,993 | 4,604,326,055 |
| Less: Related Debt | | | |
| Total bonds and loans, net (Note 12) | 2,892,704,212 | 2,878,416,391 | 5,771,120,603 |
| Less outstanding bonds used for: | | | |
| SWAP termination agreements | (152,846,791) | (184,419,916) | (337,266,707) |
| Unspent bond proceeds | (269,724,166) | (143,892,321) | (413,616,487) |
| Obligation receivable-local system share of debt (Note 8) | (529,149,930) | (340,142,394) | (869,292,324) |
| Capital related deferred charge on refunding | (19,902,990) | (37,719,566) | (57,622,556) |
| Capital related deferred gain on refunding | 78,795,603 | 82,506,677 | 161,302,280 |
| Capital portion of regional system lease | 282,725,931 | 329,241,230 | 611,967,161 |
| Raw water rights obligation (Note 12) | 86,466,160 | - | 86,466,160 |
| Lease payable-Warehouse (Note 14) | - | 3,086,605 | 3,086,605 |
| Subscription liability (Note 14) | 1,739,439 | 1,739,439 | 3,478,878 |
| Total Related Debt | 2,370,807,468 | 2,588,816,145 | 4,959,623,613 |
| Net Investment in Capital Assets | $ (229,515,406) | $ (125,782,152) | $ (355,297,558) |

The capital portion of the regional system lease payable is the percentage of the lease liability that has been determined to be allocated to the net investment in capital assets acquired. The lease is described in Note 13.

## NOTE 20 – SUBSEQUENT EVENTS

### *JUNIOR LIEN REVENUE BONDS*

On August 28, 2025, Sewage Disposal System Revenue Bonds, Series 2025 SRF-2, were issued for $11.18 million to fund local sewer disposal system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed $108.988 million (Ordinance No. 2025-04) was approved by the GLWA Board on June 25, 2025. The loan bears a fixed interest rate of 1.00% for a term of thirty (30) years. This loan qualifies for $2.236 million of loan forgiveness.

## NOTE 20 – SUBSEQUENT EVENTS (cont.)

On August 28, 2025, Water Supply System Revenue Bonds, Series 2025 SRF-2, were issued for $17.765 million to fund local water system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed $51.895 million (Ordinance No. 2025-03) was approved by the GLWA Board in June 25, 2025. The loan bears a fixed interest rate of 1.00% for a term of thirty (30) years. This loan qualifies for $5.336 million of loan forgiveness.

On September 5, 2025, Sewage Disposal System Revenue Bonds, Series 2025 SRF-1, were issued for $67.27 million to fund regional sewer disposal system improvements. The series ordinance authorizing issuance of these revenue bonds (SRF Junior Lien) in an aggregate amount not to exceed $108.988 million (Ordinance No. 2025-04) was approved by the GLWA Board in June 25, 2025. The loan bears a fixed interest rate of 2.00% for a term of twenty (20) years. This loan qualifies for $6.852 million of loan forgiveness.

### *VENDOR CLOSURE AND TRANSFER OF CONTRACTS*

Subsequent to June 30, 2025, one of the Authority's vendors (the “Vendor”), notified the GLWA of its intent to cease operations and wind down its business. The Vendor currently provides operational and construction services to the GLWA for both the Water Fund and Sewage Disposal Fund under several existing agreements. The Vendor's surety has taken over two of the construction contracts, and GLWA has been advised that the Vendor will complete the work on the other remaining contracts. Nonetheless, GLWA is exploring available options to prepare for a possible transition of the remaining contracts. GLWA management continues to work with the Vendor to ensure continuity of services and to facilitate the reassignment of work under replacement contracts or novation agreements, as allowed by the underlying arrangements.

### *NEW MEMBER PARTNER*

On October 3, 2025, the City of Mount Clemens, Michigan announced an intent to connect to the Authority's water system. It is expected the City of Mount Clemens, Michigan will begin receiving services from the Authority near the end of fiscal year 2027.

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# REQUIRED SUPPLEMENTARY INFORMATION

## GREAT LAKES WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
Nonemployer Contributing Entity Share of City of Detroit General Employees' Retirement System - Component II
Schedule of Changes in Net Pension Liability and Related Ratios - Business-Type Activities

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Measurement Date | 2024* | 2023* | 2022* | 2021* | 2020* | 2019* | 2018* | 2017* | 2016* | 2015** |
| **Share of Total Pension Liability** | | | | | | | | | | |
| Interest | $ 29,027,694 | $ 30,292,306 | $ 31,826,069 | $ 34,312,239 | $ 36,284,099 | $ 36,700,388 | $ 36,577,126 | $ 37,829,066 | $ 40,381,626 | $ 51,393,411 |
| Differences between expected and actual experience | (4,382,713) | (7,055,528) | (122,224) | (9,204,321) | (10,265,139) | 3,462,000 | (320,610) | 2,369,183 | (5,063,923) | (427,134) |
| Changes in assumptions | 330,058 | (351,196) | (28,651,715) | 23,270,230 | 13,103,099 | - | (21,345,359) | 15,153,104 | 17,627,395 | (19,789,958) |
| Benefit changes | - | - | - | - | - | - | - | - | - | (152,368,108) |
| Benefit payments, including refunds of employee contributions | (41,769,565) | (42,743,893) | (45,074,231) | (44,436,536) | (45,098,368) | (46,507,916) | (47,396,240) | (51,081,380) | (69,639,576) | (54,293,644) |
| Net change | (16,794,526) | (19,858,311) | (42,022,101) | 3,941,612 | (5,976,309) | (6,345,528) | (32,485,083) | 4,269,973 | (16,694,478) | (175,485,433) |
| Share of total pension liability, beginning of year | 450,288,534 | 470,146,845 | 512,168,946 | 508,227,334 | 514,203,643 | 520,549,171 | 553,034,254 | 548,764,281 | 565,458,759 | 740,944,192 |
| Share of Total Pension Liability, End of Year | 433,494,008 | 450,288,534 | 470,146,845 | 512,168,946 | 508,227,334 | 514,203,643 | 520,549,171 | 553,034,254 | 548,764,281 | 565,458,759 |
| **Share of Plan Fiduciary Net Position** | | | | | | | | | | |
| Employer contributions | 492,100 | 30,158,700 | 30,158,700 | 30,158,700 | 30,158,700 | 30,158,700 | 30,158,700 | 30,158,700 | 30,158,700 | 30,150,889 |
| Employee contributions | - | - | - | - | - | - | - | - | - | 130,951 |
| Net investment income (loss) | 34,537,196 | 21,776,954 | (26,077,522) | 95,985,249 | (3,614,092) | 9,194,433 | 30,347,172 | 38,812,244 | (1,311,974) | 17,280,285 |
| Benefit payments, including refunds of employee contributions | (41,769,565) | (42,743,893) | (45,074,231) | (44,436,536) | (45,098,368) | (46,507,916) | (47,396,240) | (51,081,380) | (69,639,576) | (54,293,644) |
| Administrative expense | (826,959) | - | - | - | - | - | - | - | - | (21,294) |
| Other changes | (1,718,406) | (2,921,517) | 1,017,672 | 1,318,070 | 1,182,142 | (119,469) | 1,386,027 | 1,494,049 | 252,263 | 27,758,558 |
| Net change | (9,285,634) | 6,270,244 | (39,975,381) | 83,025,483 | (17,371,618) | (7,274,252) | 14,495,659 | 19,383,613 | (40,540,587) | 21,005,745 |
| Share of plan fiduciary net position, beginning of year | 413,242,482 | 406,972,238 | 446,947,619 | 363,922,136 | 381,293,754 | 388,568,006 | 374,072,347 | 354,688,734 | 395,229,321 | 374,223,576 |
| Share of Plan Fiduciary Net Position, End of Year | 403,956,848 | 413,242,482 | 406,972,238 | 446,947,619 | 363,922,136 | 381,293,754 | 388,568,006 | 374,072,347 | 354,688,734 | 395,229,321 |
| **SHARE OF NET PENSION LIABILITY** | $ 29,537,160 | $ 37,046,052 | $ 63,174,607 | $ 65,221,327 | $ 144,305,198 | $ 132,909,889 | $ 131,981,165 | $ 178,961,907 | $ 194,075,547 | $ 170,229,438 |
| **Nonemployer contributing entity share of collective net pension liability** | 3.5% | 4.0% | 6.9% | 7.4% | 13.1% | 14.2% | 15.9% | 19.0% | 19.5% | 20.6% |
| **Plan fiduciary net position as a percentage of total pension liability** | 93.2% | 91.8% | 86.6% | 87.3% | 71.6% | 74.2% | 74.6% | 67.6% | 64.6% | 69.9% |

* As described in Notes 1 and 17 GLWA was established on January 1, 2016. At that time, GLWA assumed a portion of the net position and liabilities of the City of Detroit Water and Sewerage Department. This reflects only the portion allocated to GLWA.

** The 2015 information is presented based on City of Detroit Water and Sewerage Department (DWSD) prior to the establishment of GLWA. The amounts shown represent GLWA's allocation, fiduciary net position and net pension liability. The actual employer contributions made by DWSD were $42,888,889.

## GREAT LAKES WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
Nonemployer Contributing Entity Share of City of Detroit General Employees' Retirement System - Component II
Schedule of Changes in Net Pension Liability and Related Ratios - Water Fund

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Measurement Date | 2024* | 2023* | 2022* | 2021* | 2020* | 2019* | 2018* | 2017* | 2016* | 2015** |
| **Share of Total Pension Liability** | | | | | | | | | | |
| Interest | $ 10,405,375 | $ 10,858,693 | $ 11,408,491 | $ 12,299,693 | $ 13,006,533 | $ 13,155,758 | $ 13,111,573 | $ 13,560,348 | $ 14,475,348 | $ 18,422,673 |
| Differences between expected and actual experience | (1,571,043) | (2,529,151) | (43,813) | (3,299,415) | (3,679,680) | 1,241,001 | (114,927) | 849,266 | (1,815,233) | (153,112) |
| Changes in assumptions | 118,314 | (125,891) | (10,270,600) | 8,341,534 | 4,696,986 | - | (7,651,537) | 5,431,838 | 6,318,782 | (7,093,982) |
| Benefit changes | - | - | - | - | - | - | - | - | - | (54,618,440) |
| Benefit payments, including refunds of employee contributions | (14,972,874) | (15,322,135) | (16,157,477) | (15,928,886) | (16,166,129) | (16,671,401) | (16,989,833) | (18,310,822) | (24,963,262) | (19,462,302) |
| Net change | (6,020,228) | (7,118,484) | (15,063,399) | 1,412,926 | (2,142,290) | (2,274,642) | (11,644,724) | 1,530,630 | (5,984,365) | (62,905,163) |
| Share of total pension liability, beginning of year | 161,412,106 | 168,530,590 | 183,593,989 | 182,181,063 | 184,323,353 | 186,597,995 | 198,242,719 | 196,712,089 | 202,696,454 | 265,601,617 |
| Share of Total Pension Liability, End of Year | 155,391,878 | 161,412,106 | 168,530,590 | 183,593,989 | 182,181,063 | 184,323,353 | 186,597,995 | 198,242,719 | 196,712,089 | 202,696,454 |
| **Share of Plan Fiduciary Net Position** | | | | | | | | | | |
| Employer contributions | 176,400 | 10,810,800 | 10,810,800 | 10,810,800 | 10,810,800 | 10,810,800 | 10,810,800 | 10,810,800 | 10,810,800 | 10,808,000 |
| Employee contributions | - | - | - | - | - | - | - | - | - | 46,941 |
| Net investment income (loss) | 12,380,332 | 7,806,248 | (9,347,846) | 34,407,230 | (1,295,521) | 3,295,871 | 10,878,360 | 13,912,782 | (470,295) | 6,194,355 |
| Benefit payments, including refunds of employee contributions | (14,972,874) | (15,322,135) | (16,157,477) | (15,928,886) | (16,166,129) | (16,671,401) | (16,989,833) | (18,310,822) | (24,963,262) | (19,462,302) |
| Administrative expense | (296,435) | - | - | - | - | - | - | - | - | (7,633) |
| Other changes | (615,986) | (1,047,258) | 364,799 | 472,481 | 423,755 | (42,826) | 496,841 | 535,562 | 90,427 | 9,950,436 |
| Net change | (3,328,563) | 2,247,655 | (14,329,724) | 29,761,625 | (6,227,095) | (2,607,556) | 5,196,168 | 6,948,322 | (14,532,330) | 7,529,797 |
| Share of plan fiduciary net position, beginning of year | 148,132,440 | 145,884,785 | 160,214,509 | 130,452,884 | 136,679,979 | 139,287,535 | 134,091,367 | 127,143,045 | 141,675,375 | 134,145,578 |
| Share of Plan Fiduciary Net Position, End of Year | 144,803,877 | 148,132,440 | 145,884,785 | 160,214,509 | 130,452,884 | 136,679,979 | 139,287,535 | 134,091,367 | 127,143,045 | 141,675,375 |
| **SHARE OF NET PENSION LIABILITY** | $ 10,588,001 | $ 13,279,666 | $ 22,645,805 | $ 23,379,480 | $ 51,728,179 | $ 47,643,374 | $ 47,310,460 | $ 64,151,352 | $ 69,569,044 | $ 61,021,079 |
| **Nonemployer contributing entity share of collective net pension liability - Water Fund** | 1.3% | 1.4% | 2.5% | 2.6% | 4.7% | 5.1% | 5.7% | 6.8% | 7.0% | 7.4% |
| **Plan fiduciary net position as a percentage of total pension liability** | 93.2% | 91.8% | 86.6% | 87.3% | 71.6% | 74.2% | 74.6% | 67.6% | 64.6% | 69.9% |

* As described in Notes 1 and 18 GLWA was established on January 1, 2016. At that time, GLWA assumed a portion of the net position and liabilities of the City of Detroit Water and Sewerage Department. This reflects only the portion allocated to GLWA.

** The 2015 information is presented based on City of Detroit Water and Sewerage Department (DWSD) prior to the establishment of GLWA. The amounts shown represent GLWA's allocation, fiduciary net position and net pension liability. The actual employer contributions made by DWSD were $18,440,222.

The accompanying notes to required supplementary information are an integral part of these financial statements.

## GREAT LAKES WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
Nonemployer Contributing Entity Share of City of Detroit General Employees' Retirement System - Component II
Schedule of Changes in Net Pension Liability and Related Ratios - Sewage Disposal Fund

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Measurement Date | 2024* | 2023* | 2022* | 2021* | 2020* | 2019* | 2018* | 2017* | 2016* | 2015** |
| **Share of Total Pension Liability** | | | | | | | | | | |
| Interest | $ 18,622,319 | $ 19,433,613 | $ 20,417,578 | $ 22,012,546 | $ 23,277,566 | $ 23,544,630 | $ 23,465,553 | $ 24,268,718 | $ 25,906,278 | $ 32,970,738 |
| Differences between expected and actual experience | (2,811,670) | (4,526,377) | (78,411) | (5,904,906) | (6,585,459) | 2,220,999 | (205,683) | 1,519,917 | (3,248,690) | (274,022) |
| Changes in assumptions | 211,744 | (225,305) | (18,381,115) | 14,928,696 | 8,406,113 | - | (13,693,822) | 9,721,266 | 11,308,613 | (12,695,976) |
| Benefit changes | - | - | - | - | - | - | - | - | - | (97,749,668) |
| Benefit payments, including refunds of employee contributions | (26,796,691) | (27,421,758) | (28,916,754) | (28,507,650) | (28,932,239) | (29,836,515) | (30,406,407) | (32,770,558) | (44,676,314) | (34,831,342) |
| Net change | (10,774,298) | (12,739,827) | (26,958,702) | 2,528,686 | (3,834,019) | (4,070,886) | (20,840,359) | 2,739,343 | (10,710,113) | (112,580,270) |
| Share of total pension liability, beginning of year | 288,876,428 | 301,616,255 | 328,574,957 | 326,046,271 | 329,880,290 | 333,951,176 | 354,791,535 | 352,052,192 | 362,762,305 | 475,342,575 |
| Share of Total Pension Liability, End of Year | 278,102,130 | 288,876,428 | 301,616,255 | 328,574,957 | 326,046,271 | 329,880,290 | 333,951,176 | 354,791,535 | 352,052,192 | 362,762,305 |
| **Share of Plan Fiduciary Net Position** | | | | | | | | | | |
| Employer contributions | 315,700 | 19,347,900 | 19,347,900 | 19,347,900 | 19,347,900 | 19,347,900 | 19,347,900 | 19,347,900 | 19,347,900 | 19,342,889 |
| Employee contributions | - | - | - | - | - | - | - | - | - | 84,010 |
| Net investment income (loss) | 22,156,864 | 13,970,706 | (16,729,676) | 61,578,019 | (2,318,571) | 5,898,562 | 19,468,812 | 24,899,462 | (841,679) | 11,085,930 |
| Benefit payments, including refunds of employee contributions | (26,796,691) | (27,421,758) | (28,916,754) | (28,507,650) | (28,932,239) | (29,836,515) | (30,406,407) | (32,770,558) | (44,676,314) | (34,831,342) |
| Administrative expense | (530,524) | - | - | - | - | - | - | - | - | (13,661) |
| Other changes | (1,102,420) | (1,874,259) | 652,873 | 845,589 | 758,387 | (76,643) | 889,186 | 958,487 | 161,836 | 17,808,122 |
| Net change | (5,957,071) | 4,022,589 | (25,645,657) | 53,263,858 | (11,144,523) | (4,666,696) | 9,299,491 | 12,435,291 | (26,008,257) | 13,475,948 |
| Share of plan fiduciary net position, beginning of year | 265,110,042 | 261,087,453 | 286,733,110 | 233,469,252 | 244,613,775 | 249,280,471 | 239,980,980 | 227,545,689 | 253,553,946 | 240,077,998 |
| Share of Plan Fiduciary Net Position, End of Year | 259,152,971 | 265,110,042 | 261,087,453 | 286,733,110 | 233,469,252 | 244,613,775 | 249,280,471 | 239,980,980 | 227,545,689 | 253,553,946 |
| **SHARE OF NET PENSION LIABILITY** | $ 18,949,159 | $ 23,766,386 | $ 40,528,802 | $ 41,841,847 | $ 92,577,019 | $ 85,266,515 | $ 84,670,705 | $ 114,810,555 | $ 124,506,503 | $ 109,208,359 |
| **Nonemployer contributing entity share of collective net pension liability - Sewer Fund** | 2.2% | 2.6% | 4.4% | 4.7% | 8.4% | 9.1% | 10.2% | 12.2% | 12.5% | 13.2% |
| **Plan fiduciary net position as a percentage of total pension liability** | 93.2% | 91.8% | 86.6% | 87.3% | 71.6% | 74.2% | 74.6% | 67.6% | 64.6% | 69.9% |

* As described in Notes 1 and 17 GLWA was established on January 1, 2016. At that time, GLWA assumed a portion of the net position and liabilities of the City of Detroit Water and Sewerage Department. This reflects only the portion allocated to GLWA.

** The 2015 information is presented based on City of Detroit Water and Sewerage Department (DWSD) prior to the establishment of GLWA. The amounts shown represent GLWA's allocation, fiduciary net position and net pension liability. The actual employer contributions made by DWSD were $24,448,667.

The accompanying notes to required supplementary information are an integral part of these financial statements.

# GREAT LAKES WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
Nonemployer Contributing Entity Share of City of Detroit General Employees' Retirement System - Component II
Schedule of Contributions

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025* | 2024* | 2023* | 2022* | 2021* | 2020* | 2019* | 2018* | 2017* | 2016* |
| **Total Business-Type Activities** | | | | | | | | | | |
| Contractually required contribution** | $ - | $ - | $ 30,158,700 | $ 30,158,700 | $ 30,158,700 | $ 30,158,700 | $ 30,158,700 | $ 30,158,700 | $ 30,158,700 | $ 30,158,700 |
| Actuarially determined contribution | 1,124,800 | - | - | - | - | - | - | - | - | - |
| Actual contribution | 1,124,800 | - | 30,158,700 | 30,158,700 | 30,158,700 | 30,158,700 | 30,158,700 | 30,158,700 | 30,158,700 | 30,158,700 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Water Fund** | | | | | | | | | | |
| Contractually required contribution** | $ - | $ - | $ 10,810,800 | $ 10,810,800 | $ 10,810,800 | $ 10,810,800 | $ 10,810,800 | $ 10,810,800 | $ 10,810,800 | $ 10,810,800 |
| Actuarially determined contribution | 403,200 | - | - | - | - | - | - | - | - | - |
| Actual contribution | 403,200 | - | 10,810,800 | 10,810,800 | 10,810,800 | 10,810,800 | 10,810,800 | 10,810,800 | 10,810,800 | 10,810,800 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Sewage Disposal Fund** | | | | | | | | | | |
| Contractually required contribution** | $ - | $ - | $ 19,347,900 | $ 19,347,900 | $ 19,347,900 | $ 19,347,900 | $ 19,347,900 | $ 19,347,900 | $ 19,347,900 | $ 19,347,900 |
| Actuarially determined contribution | 721,600 | - | - | - | - | - | - | - | - | - |
| Actual contribution | 721,600 | - | 19,347,900 | 19,347,900 | 19,347,900 | 19,347,900 | 19,347,900 | 19,347,900 | 19,347,900 | 19,347,900 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

* As described in Notes 1 and 17 GLWA was established on January 1, 2016. At that time GLWA assumed a portion of the net position and liabilities of the City of Detroit Water and Sewerage Department. This reflects only the portion allocated to GLWA.

** Contributions are determined by the provisions of the Plan of Adjustment and were not actuarially determined from 2016 to 2023. Actuarially determined contributions started in 2024. The actuarially determined employer contribution for the unfunded actuarial accrued liability was zero for 2024.

*Changes in Assumptions*

In 2016, amounts reported as changes in assumptions resulted from adjustment of the discount rate from 7.61 percent to 7.23 percent.

In 2017, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 7.23 percent to 6.91 percent.

In 2018, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.91 percent to 7.38 percent.

In 2020, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 7.38 percent to 7.06 percent.

In 2021, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 7.06 percent to 6.50 percent.

In 2022, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.50 percent to 6.75 percent and updating the mortality tables from the RP-2014 Blue Collar Annuitant Table to the Pub-2010 General Employee table, as well as updates to wage inflation, withdrawal, and disability rates.

In 2023, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.75 percent to 6.76 percent.

In 2024, amounts reported as changes of assumptions resulted from adjustment of the discount rate from 6.76 percent to 6.75 percent. Also, for Component I, the Variable Pension Improvement Factor assumption changed from 0.50 percent to 2 percent.

Note: GLWA began operations on January 1, 2016. Accounting standards allow the presentation of as many years as are available until ten fiscal years are presented. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

## SUPPLEMENTARY INFORMATION

**GREAT LAKES WATER AUTHORITY**
COMBINING SCHEDULE OF NET POSITION - WATER FUND
As of June 30, 2025

| | Water Operations Fund | Water Improvement and Extension Fund | Water Construction Fund | Total Water Fund |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ 120,216,378 | $ 87,165,187 | $ - | $ 207,381,565 |
| Restricted cash and cash equivalents | 18,611,544 | - | 39,611,894 | 58,223,438 |
| Restricted cash for the benefit of DWSD | 23,814,008 | - | - | 23,814,008 |
| Investments | 32,707,527 | 66,335,922 | - | 99,043,449 |
| Restricted investments | 123,128,174 | - | - | 123,128,174 |
| Receivables | | | | |
| Billed | 45,998,943 | - | - | 45,998,943 |
| Unbilled | 31,761,275 | - | - | 31,761,275 |
| Other | 58,504 | - | - | 58,504 |
| Allowance for doubtful accounts | (8,245,546) | - | - | (8,245,546) |
| Due from other governments | 1,579,738 | 223,759 | 521,731 | 2,325,228 |
| Due from other funds | 196,095 | 440,942 | 112,550 | 749,587 |
| Due from other water funds | 4,056,064 | - | 2,169,149 | 6,225,213 |
| Contractual obligation receivable | 22,858,664 | - | - | 22,858,664 |
| Prepaid items and other assets | 9,960,010 | 391,236 | 60,286 | 10,411,532 |
| Total Current Assets | 426,701,378 | 154,557,046 | 42,475,610 | 623,734,034 |
| Noncurrent Assets | | | | |
| Restricted cash and cash equivalents | 107,320 | - | 269,724,166 | 269,831,486 |
| Restricted investments | 1,892,680 | - | - | 1,892,680 |
| Contractual obligation receivable | 506,291,266 | - | - | 506,291,266 |
| Prepaid lease | 11,250,000 | - | - | 11,250,000 |
| Capital assets | | | | |
| Nondepreciable/nonamortizable | 841,843,338 | - | - | 841,843,338 |
| Depreciated/amortized, net | 1,299,448,724 | - | - | 1,299,448,724 |
| Total noncurrent assets | 2,660,833,328 | - | 269,724,166 | 2,930,557,494 |
| Total Assets | 3,087,534,706 | 154,557,046 | 312,199,776 | 3,554,291,528 |
| **Deferred outflows of resources** | | | | |
| Deferred charge on refunding | 22,155,705 | - | - | 22,155,705 |
| Deferred pension amounts | 1,964,893 | - | - | 1,964,893 |
| Total Deferred Outflows of Resources | 24,120,598 | - | - | 24,120,598 |

The accompanying notes to the supplementary information are an integral part of this schedule.

| | Water Operations Fund | Water Improvement and Extension Fund | Water Construction Fund | Total Water Fund |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Current Liabilities | | | | |
| Accounts and contracts payable | $ 25,352,546 | $ 2,932,394 | $ 39,581,894 | $ 67,866,834 |
| Accrued salaries, wages and benefits | 3,793,297 | - | - | 3,793,297 |
| Accrued liabilities | 25,234,778 | - | - | 25,234,778 |
| Due to other governments | 10,626,406 | - | - | 10,626,406 |
| Due to other funds | 4,637,264 | 41,520 | - | 4,678,784 |
| Due to other water funds | - | 3,785,483 | 2,439,730 | 6,225,213 |
| Interest payable | 48,494,681 | - | - | 48,494,681 |
| Current portion of: | | | | |
| Revenue bonds and loans | 110,897,236 | - | - | 110,897,236 |
| Raw water rights obligation | 3,212,750 | - | - | 3,212,750 |
| BC Note obligation | 1,013,903 | - | - | 1,013,903 |
| Regional system lease | 6,443,173 | - | - | 6,443,173 |
| Other liabilities | 5,054,910 | - | - | 5,054,910 |
| Total Current Liabilities | 244,760,944 | 6,759,397 | 42,021,624 | 293,541,965 |
| Noncurrent Liabilities | | | | |
| Revenue bonds and loans | 2,781,806,976 | - | - | 2,781,806,976 |
| Raw water rights obligation | 83,253,410 | - | - | 83,253,410 |
| BC Note obligation | 14,107,624 | - | - | 14,107,624 |
| Regional system lease | 381,543,557 | - | - | 381,543,557 |
| Other liabilities | 5,076,232 | - | - | 5,076,232 |
| Net pension liability | 10,588,001 | - | - | 10,588,001 |
| Total Noncurrent Liabilities | 3,276,375,800 | - | - | 3,276,375,800 |
| Total Liabilities | 3,521,136,744 | 6,759,397 | 42,021,624 | 3,569,917,765 |
| **Deferred Inflows of Resources** | | | | |
| Deferred gain on refunding | 84,770,706 | - | - | 84,770,706 |
| Deferred amounts for swap terminations | 47,260 | - | - | 47,260 |
| Total Deferred Inflows of Resources | 84,817,966 | - | - | 84,817,966 |
| **Net Position (Deficit)** | | | | |
| Net investment in capital assets | (499,693,558) | - | 270,178,152 | (229,515,406) |
| Restricted for debt service | 90,366,871 | - | - | 90,366,871 |
| Restricted for payment assistance program | 1,181,497 | - | - | 1,181,497 |
| Unrestricted | (86,154,216) | 147,797,649 | - | 61,643,433 |
| **TOTAL NET POSITION** | $ (494,299,406) | $ 147,797,649 | $ 270,178,152 | $ (76,323,605) |

The accompanying notes to the supplementary information are an integral part of this schedule.

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## GREAT LAKES WATER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - WATER FUND
For the Year Ended June 30, 2025

| | Water Operations Fund | Water and Extension Fund | Water Construction Fund | Total Water Fund |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Wholesale charges | $ 348,976,278 | $ - | $ - | $ 348,976,278 |
| Local system charges | 27,094,800 | - | - | 27,094,800 |
| Other revenues | 383,450 | - | - | 383,450 |
| Total Operating Revenues | 376,454,528 | - | - | 376,454,528 |
| **Operating Expenses** | | | | |
| Operating expenses before depreciation and amortization | | | | |
| Personnel | 60,047,778 | - | - | 60,047,778 |
| Contractual services | 56,811,560 | 2,418,294 | - | 59,229,854 |
| Utilities | 30,874,851 | - | - | 30,874,851 |
| Chemicals | 14,111,802 | - | - | 14,111,802 |
| Supplies and other expenses | 16,512,555 | - | - | 16,512,555 |
| Capital program allocation | (1,700,664) | - | - | (1,700,664) |
| Intergovernmental reimbursements | (2,516,179) | (2,418,294) | - | (4,934,473) |
| Total operating expenses before depreciation and amortization | 174,141,703 | - | - | 174,141,703 |
| Depreciation | 94,928,085 | - | - | 94,928,085 |
| Amortization of intangible assets | 4,950,504 | - | - | 4,950,504 |
| Total Operating Expenses | 274,020,292 | - | - | 274,020,292 |
| **Operating Income (Loss)** | 102,434,236 | - | - | 102,434,236 |
| **Nonoperating Revenues (Expenses)** | | | | |
| Earnings on investments | 10,901,450 | 6,127,352 | 5,248,342 | 22,277,144 |
| Interest income from other receivables | 23,205,372 | - | - | 23,205,372 |
| Interest expense | (132,358,016) | - | - | (132,358,016) |
| Amortization of debt related items and cost of issuance | 18,629,609 | - | - | 18,629,609 |
| Legacy pension recovery (expense) | (1,084,873) | - | - | (1,084,873) |
| Water Residential Assistance Program | (1,626,102) | - | - | (1,626,102) |
| Other | (18,592) | - | - | (18,592) |
| Capital projects | 165,092,219 | (8,883,041) | (156,209,178) | - |
| Total Nonoperating Revenues (Expenses) | 82,741,067 | (2,755,689) | (150,960,836) | (70,975,458) |
| **Income (Loss) Before Transfers and Capital Contributions** | 185,175,303 | (2,755,689) | (150,960,836) | 31,458,778 |
| **Transfer in** | 6,615,724 | 8,315,700 | 288,275,861 | 303,207,285 |
| **Transfer out** | (296,419,999) | (4,974,701) | (1,812,585) | (303,207,285) |
| **Capital Contributions** | - | - | 3,348,636 | 3,348,636 |
| **Change in Net Position** | (104,628,972) | 585,310 | 138,851,076 | 34,807,414 |
| NET POSITION (DEFICIT), Beginning of Year | (389,670,434) | 147,212,339 | 131,327,076 | (111,131,019) |
| **NET POSITION (DEFICIT), END OF YEAR** | $ (494,299,406) | $ 147,797,649 | $ 270,178,152 | $ (76,323,605) |

Note: Transfers in (out) are used for recording financial activity related to borrowing proceeds and MBO requirements.

The accompanying notes to the supplementary information are an integral part of this schedule.

# GREAT LAKES WATER AUTHORITY

COMBINING SCHEDULE OF NET POSITION - SEWAGE DISPOSAL FUND

As of June 30, 2025

| | Sewer Operations Fund | Sewer Improvement and Extension Fund | Sewer Construction Fund | Total Sewage Disposal Fund |
|---|---|---|---|---|
| **Assets** | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | $ 131,086,284 | $ 97,063,634 | $ - | $ 228,149,918 |
| Restricted cash and cash equivalents | 36,287,944 | 156,311 | 57,009,642 | 93,453,897 |
| Restricted cash for the benefit of DWSD | 33,764,024 | - | - | 33,764,024 |
| Investments | 44,119,083 | 76,806,883 | - | 120,925,966 |
| Restricted investments | 129,190,790 | - | - | 129,190,790 |
| Receivables: | | | | |
| Billed | 15,375,836 | - | - | 15,375,836 |
| Unbilled | 25,403,376 | - | - | 25,403,376 |
| Other | 1,223 | - | - | 1,223 |
| Allowance for doubtful accounts | (15,364) | - | - | (15,364) |
| Due from other governments | 1,863,914 | 5,974 | 7,604,023 | 9,473,911 |
| Due from other funds | 2,892,440 | - | 1,786,344 | 4,678,784 |
| Due from other sewage disposal funds | 2,030,243 | 1,940,411 | - | 3,970,654 |
| Contractual obligation receivable | 17,768,589 | - | - | 17,768,589 |
| Prepaid items and other assets | 5,578,584 | 452,991 | - | 6,031,575 |
| Inventories | 11,016,188 | - | - | 11,016,188 |
| Total Current Assets | 456,363,154 | 176,426,204 | 66,400,009 | 699,189,367 |
| Noncurrent assets | | | | |
| Restricted cash and cash equivalents | 8,087,128 | - | 143,892,321 | 151,979,449 |
| Restricted investments | 5,176,154 | - | - | 5,176,154 |
| Contractual obligation receivable | 322,373,805 | - | - | 322,373,805 |
| Prepaid lease | 13,750,000 | - | - | 13,750,000 |
| Capital assets | | | | |
| Nondepreciable/nonamortizable | 617,979,428 | - | - | 617,979,428 |
| Depreciated/amortized, net | 1,845,054,565 | - | - | 1,845,054,565 |
| Total Noncurrent Assets | 2,812,421,080 | - | 143,892,321 | 2,956,313,401 |
| Total Assets | 3,268,784,234 | 176,426,204 | 210,292,330 | 3,655,502,768 |
| **Deferred Outflows of Resources** | | | | |
| Deferred charge on refunding | 43,993,954 | - | - | 43,993,954 |
| Deferred pension amounts | 3,516,536 | - | - | 3,516,536 |
| Total Deferred Outflows of Resources | 47,510,490 | - | - | 47,510,490 |

The accompanying notes to the supplementary information are an integral part of this schedule.

| | Sewer Operations Fund | Sewer Improvement and Extension Fund | Sewer Construction Fund | Total Sewage Disposal Fund |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Current Liabilities | | | | |
| Accounts and contracts payable | $ 21,076,918 | $ 1,899,255 | $ 57,009,642 | $ 79,985,815 |
| Accrued salaries, wages and benefits | 651,333 | - | - | 651,333 |
| Accrued liabilities | 35,691,788 | - | - | 35,691,788 |
| Due to other governments | 922,632 | - | - | 922,632 |
| Due to other funds | - | 637,037 | 112,550 | 749,587 |
| Due to other sewage disposal funds | - | 160,818 | 3,809,836 | 3,970,654 |
| Interest payable | 46,371,205 | - | - | 46,371,205 |
| Current portion of: | | | | |
| Revenue bonds and loans | 133,368,516 | - | - | 133,368,516 |
| BC Note obligation | 2,280,589 | - | - | 2,280,589 |
| Regional system lease | 7,874,989 | - | - | 7,874,989 |
| Other liabilities | 6,482,122 | - | - | 6,482,122 |
| Total Current Liabilities | 254,720,092 | 2,697,110 | 60,932,028 | 318,349,230 |
| Noncurrent Liabilities | | | | |
| Revenue bonds and loans | 2,745,047,875 | - | - | 2,745,047,875 |
| BC Note obligation | 31,732,528 | - | - | 31,732,528 |
| Regional system lease | 466,331,015 | - | - | 466,331,015 |
| Other liabilities | 15,995,812 | - | - | 15,995,812 |
| Net pension liability | 18,949,159 | - | - | 18,949,159 |
| Total Noncurrent Liabilities | 3,278,056,389 | - | - | 3,278,056,389 |
| Total Liabilities | 3,532,776,481 | 2,697,110 | 60,932,028 | 3,596,405,619 |
| **Deferred Inflows of Resources** | | | | |
| Deferred gain on refunding | 94,626,296 | - | - | 94,626,296 |
| Deferred amounts for swap terminations | 218 | - | - | 218 |
| Total Deferred Inflows of Resources | 94,626,514 | - | - | 94,626,514 |
| **Net Position (Deficit)** | | | | |
| Net investment in capital assets | (275,142,454) | - | 149,360,302 | (125,782,152) |
| Restricted for construction | 2,327,795 | - | - | 2,327,795 |
| Restricted for debt service | 113,285,692 | - | - | 113,285,692 |
| Restricted for payment assistance program | 1,124,253 | - | - | 1,124,253 |
| Unrestricted | (152,703,557) | 173,729,094 | - | 21,025,537 |
| **TOTAL NET POSITION** | $ (311,108,271) | $ 173,729,094 | $ 149,360,302 | $ 11,981,125 |

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - SEWAGE DISPOSAL FUND
For the Year Ended June 30, 2025

| | Sewer Operations Fund | Sewer Improvement and Extension Fund | Sewer Construction Fund | Total Sewage Disposal Fund |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Wholesale charges | $ 287,690,760 | $ - | $ - | $ 287,690,760 |
| Charges to local system | 205,924,800 | - | - | 205,924,800 |
| Industrial waste charges | 8,849,415 | - | - | 8,849,415 |
| Pollutant surcharges | 4,583,986 | - | - | 4,583,986 |
| Other revenues | 564,619 | - | - | 564,619 |
| Total Operating Revenues | 507,613,580 | - | - | 507,613,580 |
| **Operating Expenses** | | | | |
| Operating expenses before depreciation and amortization | | | | |
| Personnel | 76,834,951 | - | - | 76,834,951 |
| Contractual services | 70,109,322 | 97,885 | - | 70,207,207 |
| Utilities | 36,184,430 | - | - | 36,184,430 |
| Chemicals | 20,273,321 | - | - | 20,273,321 |
| Supplies and other expenses | 27,404,987 | - | - | 27,404,987 |
| Capital program allocation | (1,199,916) | - | - | (1,199,916) |
| Intergovernmental reimbursements | (1,631,165) | (97,885) | - | (1,729,050) |
| Total operating expenses before depreciation and amortization | 227,975,930 | - | - | 227,975,930 |
| Depreciation | 147,559,403 | - | - | 147,559,403 |
| Amortization of intangible assets | 1,823,544 | - | - | 1,823,544 |
| Total Operating Expenses | 377,358,877 | - | - | 377,358,877 |
| **Operating Income (Loss)** | 130,254,703 | - | - | 130,254,703 |
| **Nonoperating Revenues (Expenses)** | | | | |
| Earnings on investments | 16,486,185 | 6,191,040 | 3,840,499 | 26,517,724 |
| Interest income from other receivables | 15,086,077 | - | - | 15,086,077 |
| Interest expense | (139,148,552) | - | - | (139,148,552) |
| Amortization of debt related items and cost of issuance | 7,305,898 | - | - | 7,305,898 |
| Legacy pension recovery (expense) | (1,941,578) | - | - | (1,941,578) |
| Water Residential Assistance Program | (2,202,336) | - | - | (2,202,336) |
| Other | 18,058,628 | - | - | 18,058,628 |
| Capital projects | 183,740,896 | (9,038,304) | (174,702,592) | - |
| Total Nonoperating Revenues (Expenses) | 97,385,218 | (2,847,264) | (170,862,093) | (76,324,139) |
| **Income (Loss) Before Transfers and Capital Contributions** | 227,639,921 | (2,847,264) | (170,862,093) | 53,930,564 |
| **Transfer in** | 6,504,470 | 44,035,716 | 136,205,933 | 186,746,119 |
| **Transfer out** | (177,344,371) | (5,749,637) | (3,652,111) | (186,746,119) |
| **Capital Contributions** | 22,083,722 | - | 15,260,416 | 37,344,138 |
| **Change in Net Position** | 78,883,742 | 35,438,815 | (23,047,855) | 91,274,702 |
| NET POSITION (DEFICIT), Beginning of Year | (389,992,013) | 138,290,279 | 172,408,157 | (79,293,577) |
| **NET POSITION (DEFICIT), END OF YEAR** | $ (311,108,271) | $ 173,729,094 | $ 149,360,302 | $ 11,981,125 |

Note: Transfers in (out) are used for recording financial activity related to borrowing proceeds and MBO requirements.

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

SCHEDULE OF INTERFUND RECEIVABLES AND PAYABLES
For the Year Ended June 30, 2025

Interfund balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur and when the payment between funds are made. Interfund balances for the year ended June 30, 2025 consisted of the following:

| | Sewage Disposal Fund due to Water Fund | | | |
|---|---|---|---|---|
| | Sewer Operations Fund | Sewer Improvement and Extension Fund | Sewer Construction Fund | Total |
| Water Operations Fund | $ - | $ 196,095 | $ - | $ 196,095 |
| Water Improvement and Extension Fund | - | 440,942 | - | 440,942 |
| Water Construction Fund | - | - | 112,550 | 112,550 |
| **TOTALS** | $ - | $ 637,037 | $ 112,550 | $ 749,587 |

| | Water Fund due to Sewage Disposal Fund | | | |
|---|---|---|---|---|
| | Water Operations Fund | Water Improvement and Extension Fund | Water Construction Fund | Total |
| Sewer Operations | $ 2,850,920 | $ 41,520 | $ - | $ 2,892,440 |
| Sewer Improvement and Extension | - | - | - | - |
| Sewer Construction Fund | 1,786,344 | - | - | 1,786,344 |
| **TOTALS** | $ 4,637,264 | $ 41,520 | $ - | $ 4,678,784 |

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

SCHEDULE OF OPERATING EXPENSES FOR WATER OPERATIONS FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2025

| | Adopted Budget | Amended Budget | Administrative and Centralized Services Reclassification | Final Amended Budget | Actual | Variance Over (Under) Amended Budget | Percent Over (Under) Amended Budget |
|---|---|---|---|---|---|---|---|
| **Operating Expenses** | | | | | | | |
| Personnel | $ 87,889,300 | $ 94,039,000 | $ (33,313,100) | $ 60,725,900 | $ 60,047,778 | $ (678,122) | -1.12% |
| Contractual services | 86,347,000 | 105,891,700 | (45,384,100) | 60,507,600 | 56,811,560 | (3,696,040) | -6.11% |
| Utilities | 33,211,000 | 32,311,000 | (181,700) | 32,129,300 | 30,874,851 | (1,254,449) | -3.90% |
| Chemicals | 12,688,600 | 15,688,600 | - | 15,688,600 | 14,111,802 | (1,576,798) | -10.05% |
| Supplies and other expenses | 27,264,800 | 29,019,800 | (12,536,800) | 16,483,000 | 16,512,555 | 29,555 | 0.18% |
| Capital program allocation | (2,460,500) | (2,460,500) | - | (2,460,500) | (1,700,664) | 759,836 | 30.88% |
| Intergovernmental reimbursements | (1,580,300) | (2,110,700) | - | (2,110,700) | (2,516,179) | (405,479) | -19.21% |
| Unallocated reserve | 7,954,000 | - | - | - | - | - | 0.00% |
| Total before allocation to sewer [1] | 251,313,900 | 272,378,900 | | | | | |
| Centralized services allocation | (60,413,200) | (67,059,500) | 67,059,500 | - | - | - | 0.00% |
| Administrative services allocation | (21,275,700) | (23,092,300) | 23,092,300 | - | - | - | 0.00% |
| Total operating expenses before depreciation and amortization financial reporting basis | 169,625,000 | 182,227,100 | (1,263,900) | 180,963,200 | 174,141,703 | (6,821,497) | |
| SBITA [2] | - | - | 1,263,900 | 1,263,900 | 1,263,928 | 28 | 0.00% |
| **TOTAL OPERATING EXPENSES BUDGET BASIS** | $ 169,625,000 | $ 182,227,100 | $ - | $ 182,227,100 | $ 175,405,631 | $ (6,821,469) | -3.74% |

[1] Centralized and Administrative services are accounted for in the Water Operations Fund. A monthly allocation is done to the Sewage Disposal Operations Fund to reimburse the Water Operations Fund for the Sewage Disposal Operations share of the centralized and administrative services costs. The first two columns for the Adopted and Amended Budget includes the total for operating areas A (Water Operations), B (Centralized Services) and C (Administrative Services) as presented in GLWA's Schedule 2C in the published Biennial Budget Section 2. The third column removes the Sewage Disposal Operations share by expense category to arrive at the fourth column Final Amended Budget, which represents the Water Operations area and its share of the Centralized and Administrative services. The table below provides the cross walk from the budget document to the 'Total before allocation to sewer' line item above.

| Operating Area | Adopted Budget | Amended Budget |
|---|---|---|
| A - Water | $ 94,669,900 | $ 94,398,400 |
| C - Centralized Services | 116,980,200 | 135,243,500 |
| D - Administrative Services | 39,663,800 | 42,737,000 |
| Total | $ 251,313,900 | $ 272,378,900 |

[2] The subscription based information technology arrangements (SBITA) costs are an expense for budget purposes. These costs are treated differently for financial reporting purposes under GASB 96. See Note 2 in the Notes to Supplementary Information.

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

SCHEDULE OF OPERATING EXPENSES FOR SEWER OPERATIONS FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2025

| | Adopted Budget | Amended Budget | Administrative and Centralized Services Reclassification | Final Amended Budget | Actual | Variance Over (Under) Amended Budget | Percent Over (Under) Amended Budget |
|---|---|---|---|---|---|---|---|
| **Operating Expenses** | | | | | | | |
| Personnel | $ 42,479,000 | $ 44,496,200 | $ 33,313,100 | $ 77,809,300 | $ 76,834,951 | $ (974,349) | -1.25% |
| Contractual services | 28,161,700 | 28,161,700 | 44,151,900 | 72,313,600 | 70,109,322 | (2,204,278) | -3.05% |
| Utilities | 37,391,500 | 37,391,500 | 181,700 | 37,573,200 | 36,184,430 | (1,388,770) | -3.70% |
| Chemicals | 22,146,300 | 22,546,300 | - | 22,546,300 | 20,273,321 | (2,272,979) | -10.08% |
| Supplies and other expenses | 16,273,900 | 16,273,900 | 10,727,100 | 27,001,000 | 27,404,987 | 403,987 | 1.50% |
| Capital program allocation | (2,121,300) | (2,121,300) | - | (2,121,300) | (1,199,916) | 921,384 | 43.43% |
| Intergovernmental reimbursements | (1,337,400) | (1,708,500) | - | (1,708,500) | (1,631,165) | 77,335 | 4.53% |
| Unallocated reserve | 4,251,400 | - | - | - | - | - | 0.00% |
| Centralized services allocation | 60,413,200 | 67,059,500 | (67,059,500) | - | - | - | 0.00% |
| Administrative services allocation | 21,275,700 | 23,092,300 | (23,092,300) | - | - | - | 0.00% |
| Total operating expenses before depreciation and amortization financial reporting basis | 228,934,000 | 235,191,600 | (1,778,000) | 233,413,600 | 227,975,930 | (5,437,670) | |
| SBITA [1] | - | - | 1,263,900 | 1,263,900 | 1,263,928 | 28 | 0.00% |
| Warehouse lease [2] | - | - | 514,100 | 514,100 | 514,123 | 23 | 0.00% |
| **TOTAL OPERATING EXPENSES BUDGET BASIS** | $ 228,934,000 | $ 235,191,600 | $ - | $ 235,191,600 | $ 229,753,981 | $ (5,437,619) | -2.31% |

[1] The subscription based information technology arrangements (SBITA) costs are an expense for budget purposes. These costs are treated differently for financial reporting purposes under GASB 96. See Note 2 in the Notes to Supplementary Information.

[2] The warehouse lease is an expense for budget purposes. For financial reporting it is accounted for under GASB 87. See Note 2 in the Notes to Supplementary Information.

Note: Centralized and administrative services allocations have been applied to the expense categories for presentation of the amended budget to the actual amounts.

The accompanying notes to the supplementary information are an integral part of this schedule.

# GREAT LAKES WATER AUTHORITY

SCHEDULE OF OPERATING EXPENSES FOR COMBINED WATER AND SEWER OPERATIONS FUNDS - BUDGET TO ACTUAL
For the Year Ended June 30, 2025

| | Adopted Budget | Final Amended Budget | Actual | Variance Over (Under) Amended Budget | Percent Over (Under) Amended Budget |
|---|---|---|---|---|---|
| **Operating Expenses** | | | | | |
| Personnel | $ 130,368,300 | $ 138,535,200 | $ 136,882,729 | $ (1,652,471) | -1.19% |
| Contractual services | 114,508,700 | 132,821,200 | 126,920,882 | (5,900,318) | -4.44% |
| Utilities | 70,602,500 | 69,702,500 | 67,059,281 | (2,643,219) | -3.79% |
| Chemicals | 34,834,900 | 38,234,900 | 34,385,123 | (3,849,777) | -10.07% |
| Supplies and other expenses | 43,538,700 | 43,484,000 | 43,917,542 | 433,542 | 1.00% |
| Capital program allocation | (4,581,800) | (4,581,800) | (2,900,580) | 1,681,220 | 36.69% |
| Intergovernmental reimbursements | (2,917,700) | (3,819,200) | (4,147,344) | (328,144) | -8.59% |
| Unallocated reserve | 12,205,400 | - | - | - | 0.00% |
| Total operating expenses before depreciation and amortization financial reporting basis | 398,559,000 | 414,376,800 | 402,117,633 | (12,259,167) | |
| SBITA | - | 2,527,800 | 2,527,856 | 56 | 0.00% |
| Warehouse lease | - | 514,100 | 514,123 | 23 | 0.00% |
| **TOTAL OPERATING EXPENSES BUDGET BASIS** | $ 398,559,000 | $ 417,418,700 | $ 405,159,612 | $ (12,259,088) | -2.94% |

The accompanying notes to the supplementary information are an integral part of this schedule.

**GREAT LAKES WATER AUTHORITY**

SCHEDULE OF REVENUE REQUIREMENTS
BUDGET TO ACTUAL - WATER OPERATIONS
For the Year Ended June 30, 2025

The Great Lakes Water Authority Board adopts a budget using a revenue requirements method for its operating funds that aligns with water and wastewater revenue charges. This method applies an accrual basis of accounting for revenues and operating expenses in addition to a cash basis of accounting for other commitments, such as debt service, Detroit General Retirement closed pension commitment, lease payment, reserves and certain other payments. The schedule below presents the Board adopted budgeted, adjusted for amendments, for comparison with actual revenues, expenses, and other payments. Overall, Water Operations experienced a postive variance of $13.3 million.

| | Adopted Budget | Amended Budget | Actual | Variance Over (Under) Amended Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Revenue from Charges | | | | |
| Wholesale Charges [1] | $ 347,758,000 | $ 347,758,000 | $ 343,199,317 | $ (4,558,683) |
| Charges to Local System | 27,094,800 | 27,094,800 | 27,094,800 | - |
| Total Revenue from Charges | 374,852,800 | 374,852,800 | 370,294,117 | (4,558,683) |
| Investment Earnings [2] | | | | |
| Unrestricted | 6,692,200 | 11,933,000 | 12,109,614 | 176,614 |
| Restricted for Debt Service | 3,182,100 | 3,885,000 | 4,346,719 | 461,719 |
| Total Investment Earnings | 9,874,300 | 15,818,000 | 16,456,333 | 638,333 |
| Other Revenue [3] | 400,000 | 400,000 | 503,708 | 103,708 |
| **Total Revenues** | 385,127,100 | 391,070,800 | 387,254,158 | (3,816,642) |
| **Revenue Requirements** | | | | |
| Operations and Maintenance Expense [4] | 169,625,000 | 182,227,100 | 175,405,631 | (6,821,469) |
| Debt Service | 175,300,800 | 161,945,100 | 162,019,744 | 74,644 |
| General Retirement System Pension | 2,283,300 | 1,653,300 | 1,653,300 | - |
| Water Residential Assistance Program Contribution | 1,947,800 | 1,876,500 | 1,876,500 | - |
| Extraordinary Repair & Replacement Deposit | - | 2,650,000 | 2,144,000 | (506,000) |
| Regional System Lease | 22,500,000 | 22,500,000 | 22,500,000 | - |
| Working Capital Requirement [5] | 6,200,000 | 4,956,000 | - | (4,956,000) |
| Transfer to the Improvement & Extension Fund | 7,270,200 | 13,262,800 | 8,315,700 | (4,947,100) |
| **Total Revenue Requirements** | 385,127,100 | 391,070,800 | 373,914,875 | (17,155,925) |
| **Revenue Requirement Variance** [5] | $ - | $ - | $ 13,339,283 | $ 13,339,283 |

[1] Revenue from Charges - Wholesale Charges presented in this schedule differs from those presented on the Statement of Revenues, Expenses and Changes in Net Position due to $5,776,961 of revenue which was credited for the KWA debt service which is a non-cash transaction that is the payment obligation on the raw water rights.

[2] Restricted investment earnings are those earned on the debt service and debt reserve accounts that can only be used for the Debt Service requirement. Investment earnings excludes earnings on bond proceeds in the construction fund. As required by the Master Bond Ordinance investment earnings on bond proceeds will remain in the Construction Fund. All other investment earnings are reported in the unrestricted classification.

[3] Other Revenue includes other operating revenues and other nonoperating revenues for the Water Operations Fund. Numbers will not match combining schedules as other nonoperating is net of income and expenses.

[4] See the Schedule of Operating Expenses for Water Operations Fund - Budget to Actual. Operations and maintenance expenses in this schedule are based on activities relating only to the Water Operations Fund.

[5] Revenue Requirement Variance represents the difference between revenues and expenses on a budget basis. To the extent that there is a positive variance, a post year end closing analysis is performed. Depending on working capital requirements requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year. This schedule reflects a budgeting basis analysis that is used to prepare member charges. It does not reflect net income for financial reporting purposes. See the Schedule of Revenue Requirements to Statement of Revenues, Expenses and Changes in Net Position Crosswalk which reconciles the budget basis to the financial reporting basis which is based on generally accepted accounting principles.

## GREAT LAKES WATER AUTHORITY

SCHEDULE OF REVENUE REQUIREMENTS
BUDGET TO ACTUAL - SEWAGE DISPOSAL OPERATIONS
For the Year Ended June 30, 2025

The Great Lakes Water Authority Board adopts a budget using a revenue requirements method for its operating funds that aligns with water and wastewater revenue charges. This method applies an accrual basis of accounting for revenues and operating expenses in addition to a cash basis of accounting for other commitments, such as debt service, Detroit General Retirement closed pension commitment, lease payment, reserves and certain other payments. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual revenues, expenses, and other payments. Overall, Sewage Disposal Operations had a positive variance of $0.3 million.

| | Adopted Budget | Amended Budget | Actual | Variance Over (Under) Amended Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| Revenue from Charges | | | | |
| Wholesale Charges | $ 287,517,600 | $ 287,386,800 | $ 287,690,760 | $ 303,960 |
| Charges to Local System | 205,924,800 | 205,924,800 | 205,924,800 | - |
| Industrial Waste Control | 8,719,300 | 8,719,300 | 8,849,415 | 130,115 |
| Pollutant Surcharges | 5,434,400 | 5,434,400 | 4,583,986 | (850,414) |
| Total Revenue from Charges | 507,596,100 | 507,465,300 | 507,048,961 | (416,339) |
| Investment Earnings [1] | | | | |
| Unrestricted | 10,494,500 | 16,113,000 | 16,514,414 | 401,414 |
| Restricted for Debt Service | 1,861,500 | 4,492,000 | 5,128,850 | 636,850 |
| Total Investment Earnings | 12,356,000 | 20,605,000 | 21,643,264 | 1,038,264 |
| Other Revenue (Expense) [2] | 700,000 | 700,000 | 685,291 | (14,709) |
| **Total Revenues** | 520,652,100 | 528,770,300 | 529,377,516 | 607,216 |
| **Revenue Requirements** | | | | |
| Operations and Maintenance Expense [3] | 228,934,000 | 235,191,600 | 229,753,981 | (5,437,619) |
| Debt Service | 226,279,400 | 217,448,700 | 217,295,589 | (153,111) |
| General Retirement System Pension | 4,846,300 | 3,718,800 | 3,718,800 | - |
| Water Residential Assistance Program Contribution | 2,651,700 | 2,541,500 | 2,541,501 | 1 |
| Extraordinary Repair & Replacement Deposit | - | 276,000 | 345,000 | 69,000 |
| Regional System Lease | 27,500,000 | 27,500,000 | 27,500,000 | - |
| Working Capital Requirement [4] | 2,300,000 | - | - | - |
| Transfer to the Improvement & Extension Fund | 28,140,700 | 42,093,700 | 42,093,700 | - |
| **Total Revenue Requirements** | 520,652,100 | 528,770,300 | 523,248,571 | (5,521,729) |
| **Revenue Requirement Variance** [4] | $ - | $ - | $ 6,128,945 | $ 6,128,945 |

[1] Restricted investment earnings are those earned on the debt service and debt reserve accounts that can only be used for the Debt Service requirement. Investment earnings excludes earnings on bond proceeds in the construction fund. As required by the Master Bond Ordinance investment earnings on bond proceeds will remain in the Construction Fund. All other investment earnings are reported in the unrestricted classification.

[2] Other revenue (expense) includes other operating revenues and other nonoperating revenues for the Sewer Operations Fund. Amounts will not match combining schedules as other nonoperating is net of income and expenses. The amount is shown as an expense as there was a prior year revenue accrual in the O&M fund that was reclassed to the construction fund which was greater than the other revenue for the current year.

[3] See the Schedule of Operating Expenses for Sewer Operations Fund - Budget to Actual. Operations and maintenance expenses in this schedule are based on activities relating only to the Sewer Operations Fund.

[4] Revenue Requirement Variance represents the difference between revenues and expenses on a budget basis. To the extent that there is a positive variance, a post year end closing analysis is performed. Depending on working capital requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year. This schedule reflects a budgeting basis analysis that is used to prepare member charges. It does not reflect net income for financial reporting purposes. See the Schedule of Revenue Requirements to Statement of Revenues, Expenses and Changes in Net Position Crosswalk which reconciles the budget basis to the financial reporting basis which is based on generally accepted accounting principles.

The accompanying notes to the supplementary information are an integral part of this schedule.

# GREAT LAKES WATER AUTHORITY

SCHEDULE OF REVENUE REQUIREMENTS TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION CROSSWALK
For the Year Ended June 30, 2025

The Great Lakes Water Authority establishes a Revenue Requirements budget for the purpose of establishing charges for services which follows a modified cash basis of accounting. Conversely, the annual financial report is prepared in accordance with Generally Accepted Accounting Principles for enterprise funds of a local government. Because the budget and the financial report are prepared using different bases of accounting, a crosswalk is prepared to reconcile fiscal year financial performance from the budget basis of accounting to the financial statement basis of accounting. Key areas of reconciliation include the following:

- Defined Benefit Pension related to the City of Detroit General Employees Retirement System. Annual contributions are an expense for the budget basis while the accrual basis financial report reflects the current year payment as a deferred outflow.
- Debt Service, BC Note obligation and Regional system lease (principal and interest) are an expense for the budget basis while the accrual basis financial report treats interest as an expense and principal payments as a reduction of a liability.
- WRAP funds are expensed for budget purposes when they are set aside. For financial reporting purposes they are expensed when the service delivery partners provide statements of expenditures.
- Contributions to the Extraordinary Repair & Replacement Fund and Regional System Improvement & Extension Fund are an expense for the budget basis while the accrual basis financial report treats this activity as an increase in assets.
- 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). For software as a service that is in the implementation phase the SBITA payments are recorded under GASB 96 and are treated as a prepaid subscription asset. For software as a service that has been implemented the payments are treated as a reduction of the subscription liability and interest expense.
- Depreciation and amortization are not a components of the budget basis while the accrual basis financial report treats these as an expense.

| | Water Fund | Sewage Disposal Fund | Total Business-type Activities |
|---|---|---|---|
| **Revenue Requirement Variance from Schedule of Revenue Requirements** | $ 13,339,283 | $ 6,128,945 | $ 19,468,228 |
| **Budgetary adjustments to financial reporting basis** | | | |
| Pension delayed accounting election adjustments: | | | |
| Current year pension payments recorded as deferral | 403,200 | 721,600 | 1,124,800 |
| Prior year pension deferral accounted for in current year | (1,084,873) | (1,941,578) | (3,026,451) |
| Administrative fee adjustment | (554,400) | (992,200) | (1,546,600) |
| Debt service | 72,566,789 | 114,784,409 | 187,351,198 |
| BC Note obligation | 1,003,248 | 2,256,627 | 3,259,875 |
| Regional system lease | 6,201,941 | 7,580,151 | 13,782,092 |
| Water Residential Assistance Program (WRAP) | 250,398 | 339,165 | 589,563 |
| Extraordinary Repair & Replacement Fund transfers | 2,144,000 | 345,000 | 2,489,000 |
| Improvement & Extension Fund transfers | 8,315,700 | 42,093,700 | 50,409,400 |
| GASB 87 & GASB 96 adjustments | 1,193,022 | 1,608,778 | 2,801,800 |
| **Nonbudgeted financial reporting adjustments** | | | |
| Depreciation and amortization | (99,878,589) | (149,382,947) | (249,261,536) |
| Amortization - debt related | 18,629,609 | 7,305,898 | 25,935,507 |
| Investment earnings on bond funds in Construction Fund | 5,248,342 | 3,840,499 | 9,088,841 |
| Investment earnings unrealized gain (loss) | 572,469 | 963,608 | 1,536,077 |
| Raw water rights obligation | 3,096,289 | - | 3,096,289 |
| Gain(loss) on disposal of capital assets | 12,350 | (184,020) | (171,670) |
| Other nonoperating income (expenses) | - | 18,462,929 | 18,462,929 |
| Capital contribution | 3,348,636 | 37,344,138 | 40,692,774 |
| **Change in Net Position per Statement of Revenues, Expenses and Changes in Net Position** | $ 34,807,414 | $ 91,274,702 | $ 126,082,116 |

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

WATER IMPROVEMENT AND EXTENSION FUND - BUDGET TO ACTUAL
For the Year Ended June 30, 2025

The Great Lakes Water Authority Board adopts a budget for the uses of the Improvement & Extension Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Water I&E Fund. The Water I&E Fund experienced an increase of $0.6 million in net position. The system experienced a negative budget variance of $0.7 million.

| | Adopted Budget | Amended Budget | Actual [2] | Variance Over (Under) Amended Budget |
|---|---|---|---|---|
| **Inflows** | | | | |
| Transfers in from Water Operations Fund | | | | |
| Revenue transfers | $ 7,270,200 | $ 13,262,800 | $ 8,315,700 | $ (4,947,100) |
| Investment earnings [1] | 938,700 | 6,125,000 | 6,257,059 | 132,059 |
| Total Inflows | 8,208,900 | 19,387,800 | 14,572,759 | (4,815,041) |
| **Outflows** | | | | |
| Capital outlay | 10,527,800 | 11,835,700 | 8,883,041 | (2,952,659) |
| Transfers out to Water Operations Fund | | | | |
| Investment earnings [1] | 938,700 | 6,125,000 | 4,803,139 | (1,321,861) |
| Transfer out to Water Construction Fund | | | | |
| Revenue financed capital | 15,000,000 | - | 171,562 | 171,562 |
| Total Outflows | 26,466,500 | 17,960,700 | 13,857,742 | (4,102,958) |
| **Net Increase (Decrease) - Budget Basis** | $ (18,257,600) | $ 1,427,100 | 715,017 | $ (712,083) |
| Non-budgeted inflows (outflows) | | | | |
| Unrealized net decrease in fair value of investments | | | (129,707) | |
| **Combining Schedule Water Improvement and Extension Fund Change in Net Position [3]** | | | $ 585,310 | |

[1] As required by the Master Bond Ordinance, investment earnings on I&E funds are transferred to the receiving fund on a monthly basis.

[2] See the Combining Schedule of Revenues, Expenses and Changes in Net Position - Water Fund. Information in this schedule is based on activity in the Water Improvement and Extension Fund.

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

SEWER IMPROVEMENT AND EXTENSION FUND - BUDGET TO ACTUAL

For the Year Ended June 30, 2025

The Great Lakes Water Authority Board adopts a budget for the uses of the Improvement & Extension Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Sewer I&E Fund. The Sewer I&E Fund experienced an increase of $35.4 million in net position and a positive budget variance of $5.6 million.

| | Adopted Budget | Amended Budget | Actual [3] | Variance Over (Under) Amended Budget |
|---|---|---|---|---|
| **Inflows** | | | | |
| Transfers in from Sewer Operations Fund | | | | |
| Revenue transfers | $ 28,140,700 | $ 42,093,700 | $ 42,093,700 | $ - |
| Transfers in from Sewer Construction Fund | | | | |
| Working capital adjustment [1] | - | - | 1,942,016 | 1,942,016 |
| Investment earnings [2] | 1,076,000 | 6,210,000 | 6,347,085 | 137,085 |
| Total Inflows | 29,216,700 | 48,303,700 | 50,382,801 | 2,079,101 |
| **Outflows** | | | | |
| Capital outlay | 12,071,300 | 12,071,300 | 9,038,304 | (3,032,996) |
| Transfers out to Sewer Operations Fund | | | | |
| Investment earnings [2] | 1,076,000 | 6,210,000 | 4,794,375 | (1,415,625) |
| Transfer out to Sewer Construction Fund | | | | |
| Revenue financed capital | 5,500,000 | - | 955,262 | 955,262 |
| Total Outflows | 18,647,300 | 18,281,300 | 14,787,941 | (3,493,359) |
| **Net Increase (Decrease) - Budget Basis** | $ 10,569,400 | $ 30,022,400 | 35,594,860 | $ 5,572,460 |
| Non-budgeted inflows (outflows) | | | | |
| Unrealized net increase in fair value of investments | | | (156,045) | |
| **Combining Schedule Sewer Improvement and Extension Fund Change in Net Position [3]** | | | $ 35,438,815 | |

[1] The I&E Fund provided working capital and funding of capital expenditures in prior years through revenue financed capital transfers to the Construction Fund. Funds were returned to the I&E Fund during the year for expenditures which qualitied for grants that were originally paid for with I&E funds.

[2] As required by the Master Bond Ordinance, investment earnings on I&E funds are transferred to the receiving fund on a monthly basis.

[3] See the Combining Schedule of Revenues, Expenses and Changes in Net Position - Sewage Disposal Fund. Information in this schedule is based on activity in the Sewer Improvement and Extension Fund.

# GREAT LAKES WATER AUTHORITY

WATER CONSTRUCTION FUND - BUDGET TO ACTUAL

For the Year Ended June 30, 2025

The Great Lakes Water Authority Board adopts a budget for the use of the Construction Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Water Construction Fund. The Water Construction Fund had an increase of $138.9 million in net position. The system experienced a positive budget variance of $52.2 million.

| | Adopted Budget | Amended Budget | Actual [2] | Variance Over (Under) Amended Budget |
|---|---|---|---|---|
| **Inflows** | | | | |
| Transfers from Water Improvement & Extension Fund | | | | |
| Revenue financed capital | $ 15,000,000 | $ - | $ 171,562 | $ 171,562 |
| Transfers in from Water Operations Fund | | | | |
| Bond proceeds | 271,562,500 | 230,000,000 | 231,833,814 | 1,833,814 |
| State revolving loans | 30,800,000 | 61,643,600 | 56,270,485 | (5,373,115) |
| Grants and Capital Contributions | - | 1,848,900 | 3,348,636 | 1,499,736 |
| Investment earnings [1] | 7,953,300 | 4,839,000 | 5,248,342 | 409,342 |
| Total Inflows | 325,315,800 | 298,331,500 | 296,872,839 | (1,458,661) |
| **Outflows** | | | | |
| Capital Program | 210,000,000 | 210,000,000 | 156,209,178 | (53,790,822) |
| Transfers out to Water Operations Fund | | | | |
| Bond cost of issuance | - | 1,725,000 | 1,812,585 | 87,585 |
| Total Outflows | 210,000,000 | 211,725,000 | 158,021,763 | (53,703,237) |
| **Net Increase (Decrease) - Budget Basis** | $ 115,315,800 | $ 86,606,500 | 138,851,076 | $ 52,244,576 |
| Non-budgeted inflows (outflows) | | | | |
| Unrealized net decrease in fair value of investments | | | - | |
| **Combining Schedule Water Construction Fund Change in Net Position [2]** | | | $ 138,851,076 | |

[1] As required by the Master Bond Ordinance investment earnings on I&E funds are transferred to the receiving fund on a monthly basis. Any earnings on bond proceeds will remain in the Construction Fund.

[2] See the Combining Schedule of Revenues, Expenses and Changes in Net Position - Water Fund. Information in this schedule is based on activity in the Water Construction Fund.

The accompanying notes to the supplementary information are an integral part of this schedule.

## GREAT LAKES WATER AUTHORITY

SEWER CONSTRUCTION FUND - BUDGET TO ACTUAL

For the Year Ended June 30, 2025

The Great Lakes Water Authority Board adopts a budget for the use of the Construction Funds. The schedule below presents the Board adopted budget, adjusted for amendments, for comparison with actual activity in the Sewer Construction Fund. The Sewer Construction Fund had an decrease of $23.0 million in net position. The system experienced a positive budget variance of $6.0 million.

| | Adopted Budget | Amended Budget | Actual [3] | Variance Over (Under) Amended Budget |
|---|---|---|---|---|
| **Inflows** | | | | |
| Transfers in from Sewer Improvement & Extension Fund | | | | |
| Revenue financed capital | $ 5,500,000 | $ - | $ 955,262 | $ 955,262 |
| Transfers in from Sewer Operations Fund | | | | |
| Bond proceeds | - | 50,000,000 | 51,717,480 | 1,717,480 |
| State revolving loans | 96,852,000 | 96,852,000 | 83,533,191 | (13,318,809) |
| Grants and Capital Contributions | - | 2,664,800 | 15,260,416 | 12,595,616 |
| Investment earnings [1] | 2,359,000 | 6,830,000 | 3,840,499 | (2,989,501) |
| Total Inflows | 104,711,000 | 156,346,800 | 155,306,848 | (1,039,952) |
| **Outflows** | | | | |
| Capital Program | 170,000,000 | 185,000,000 | 174,702,592 | (10,297,408) |
| Transfers out to Sewer Operations Fund | | | | |
| Bond cost of issuance | - | 375,000 | 1,710,095 | 1,335,095 |
| Transfers out to Sewer Improvement & Extension Fund | | | | |
| Working capital adjustment [2] | - | - | 1,942,016 | 1,942,016 |
| Total Outflows | 170,000,000 | 185,375,000 | 178,354,703 | (7,020,297) |
| **Net Increase (Decrease) - Budget Basis** | $ (65,289,000) | $ (29,028,200) | (23,047,855) | $ 5,980,345 |
| Non-budgeted inflows (outflows) | | | | |
| Unrealized net increase in fair value of investments | | | - | |
| **Combining Schedule Sewer Construction Fund Change in Net Position [3]** | | | $ (23,047,855) | |

[1] As required by the Master Bond Ordinance investment earnings on I&E funds are transferred to the receiving fund on a monthly basis. Any earnings on bond proceeds will remain in the Construction Fund.

[2] The I&E Fund provided working capital and funding of capital expenditures in prior years through revenue financed capital transfers to the Construction Fund. Funds were returned to the I&E Fund during the year for expenditures which qualitied for grants that were originally paid for with I&E funds.

[3] See the Combining Schedule of Revenues, Expenses and Changes in Net Position - Sewage Disposal Fund. Information in this schedule is based on activity in the Sewer Construction Fund.

**GREAT LAKES WATER AUTHORITY**

SCHEDULE OF DAYS CASH - LIQUIDITY

For the Fiscal Years Ended June

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Water Fund** | | | | | | | | | | |
| Unrestricted Cash and investments | $ 306,425,014 | $ 276,591,461 | $ 243,707,322 | $ 238,690,879 | $ 353,308,385 | $ 394,440,814 | $ 347,204,928 | $ 317,089,746 | $ 267,335,558 | $ 167,292,572 |
| Operating Expense | | | | | | | | | | |
| Operating expense | $ 274,020,292 | $ 272,350,168 | $ 285,219,474 | $ 264,578,659 | $ 250,476,297 | $ 263,282,730 | $ 263,959,730 | $ 254,602,752 | $ 245,868,861 | $ 120,841,204 |
| Less: depreciation | (94,928,085) | (110,557,350) | (126,485,762) | (123,196,027) | (123,271,541) | (127,183,228) | (140,571,120) | (143,991,815) | (144,137,912) | (71,295,545) |
| Less: amortization of intangible asset | (4,950,504) | (3,981,772) | (3,566,664) | (3,566,664) | (3,566,664) | (3,566,664) | (3,566,664) | (2,080,554) | - | - |
| Net Operating Expense | $ 174,141,703 | $ 157,811,046 | $ 155,167,048 | $ 137,815,968 | $ 123,638,092 | $ 132,532,838 | $ 119,821,946 | $ 108,530,383 | $ 101,730,949 | $ 49,545,659 |
| Operating Expense per Day | $ 477,101 | $ 432,359 | $ 425,115 | $ 377,578 | $ 338,734 | $ 363,104 | $ 328,279 | $ 297,344 | $ 278,715 | $ 273,733 |
| Number of days cash | 642 | 640 | 573 | 632 | 1,043 | 1,086 | 1,058 | 1,066 | 959 | 611 |
| **Sewage Disposal Fund** | | | | | | | | | | |
| Unrestricted Cash and investments | $ 349,075,884 | $ 342,252,746 | $ 302,269,621 | $ 294,173,630 | $ 323,972,718 | $ 287,464,920 | $ 236,057,128 | $ 208,563,268 | $ 205,179,312 | $ 188,063,375 |
| Operating Expense | | | | | | | | | | |
| Operating expense | $ 377,358,877 | $ 374,287,436 | $ 375,566,668 | $ 345,372,010 | $ 328,983,415 | $ 329,870,427 | $ 342,585,175 | $ 363,629,987 | $ 336,946,731 | $ 170,401,050 |
| Less: depreciation | (147,559,403) | (154,486,270) | (163,470,838) | (158,013,629) | (150,772,065) | (152,920,967) | (168,544,370) | (187,250,583) | (185,628,465) | (86,021,029) |
| Less: amortization of intangible asset | (1,823,544) | (854,812) | (439,704) | (439,704) | (109,926) | - | - | - | - | - |
| Net Operating Expense | $ 227,975,930 | $ 218,946,354 | $ 211,656,126 | $ 186,918,677 | $ 178,101,424 | $ 176,949,460 | $ 174,040,805 | $ 176,379,404 | $ 151,318,266 | $ 84,380,021 |
| Operating Expense per Day | $ 624,592 | $ 599,853 | $ 579,880 | $ 512,106 | $ 487,949 | $ 484,793 | $ 476,824 | $ 483,231 | $ 414,571 | $ 466,188 |
| Number of days cash | 559 | 571 | 521 | 574 | 664 | 593 | 495 | 432 | 495 | 403 |
| **Combined** | | | | | | | | | | |
| Unrestricted Cash and investments | $ 655,500,898 | $ 618,844,207 | $ 545,976,943 | $ 532,864,509 | $ 677,281,103 | $ 681,905,734 | $ 583,262,056 | $ 525,653,014 | $ 472,514,870 | $ 355,355,947 |
| Operating Expense | | | | | | | | | | |
| Operating expense | $ 651,379,169 | $ 646,637,604 | $ 660,786,142 | $ 609,950,669 | $ 579,459,712 | $ 593,153,157 | $ 606,544,905 | $ 618,232,739 | $ 582,815,592 | $ 291,242,254 |
| Less: depreciation | (242,487,488) | (265,043,620) | (289,956,600) | (281,209,656) | (274,043,606) | (280,104,195) | (309,115,490) | (331,242,398) | (329,766,377) | (157,316,574) |
| Less: amortization of intangible asset | (6,774,048) | (4,836,584) | (4,006,368) | (4,006,368) | (3,676,590) | (3,566,664) | (3,566,664) | (2,080,554) | - | - |
| Net Operating Expense | $ 402,117,633 | $ 376,757,400 | $ 366,823,174 | $ 324,734,645 | $ 301,739,516 | $ 309,482,298 | $ 293,862,751 | $ 284,909,787 | $ 253,049,215 | $ 133,925,680 |
| Operating Expense per Day | $ 1,101,692 | $ 1,032,212 | $ 1,004,995 | $ 889,684 | $ 826,684 | $ 847,897 | $ 805,103 | $ 780,575 | $ 693,286 | $ 739,921 |
| Number of days cash | 595 | 600 | 543 | 599 | 819 | 804 | 724 | 673 | 682 | 480 |

* GLWA assumed operations on January 1, 2016. Data for 2016 includes six months of operation under GLWA. Operating expense per day for 2016 is computed using 181 days (six months of operations).

The accompanying notes to the supplementary information are an integral part of this schedule.

**Note 1 – Combining Fund Schedules**

The Combining Fund Schedules presented combined the six funds the Authority maintains into the two major funds reported in the Basic Financial Statements, the Water Fund and Sewage Disposal Fund. The following describes the six funds and the purpose of each fund.

***Water Operations Fund*** – All water revenues are credited to this fund. All expenses for the operations and maintenance of the water system are paid from this fund. This fund aligns with the operations and maintenance (O&M) expense revenue requirement for establishing service charges.

***Sewer Operations Fund*** – All sewer revenues are credited to this fund. All expenses for the operations and maintenance of the wastewater system are paid from this fund. This fund aligns with the operations and maintenance (O&M) expense revenue requirement for establishing service charges.

***Water Improvement & Extension Fund (I&E)*** – Amounts that are budgeted in the water revenue requirement to reduce debt financing are transferred to this fund as well as any other water funds that management has determined are available for this use. This fund is used for water system capital outlays and capital improvements.

***Sewer Improvement & Extension Fund (I&E)*** – Amounts that are budgeted in the wastewater revenue requirement to reduce debt financing are transferred to this fund as well as any other wastewater funds that management has determined are available for this use. This fund is used for wastewater system capital outlays and capital improvements.

***Water Construction Fund*** – This fund is used for the proceeds of water debt obligations and investment earnings thereon. I&E funds may also be transferred to this fund when bond proceeds have been exhausted. Funds are used to pay for water system capital improvements in accordance with the debt obligations.

***Sewer Construction Fund*** – This fund is used for the proceeds of sewer debt obligations and investment earnings thereon. I&E funds may also be transferred to this fund when bond proceeds have been exhausted. Funds are used to pay for the wastewater system capital improvements in accordance with the debt obligations.

## Note 2 – Budget to Actual Schedules

### *Schedule of Operating Expenses – Budget to Actual*

The schedule of operating expenses for the water operations and the sewer operations provides the detail of the major expense categories of the operations budget compared to the actual results. The schedule includes the actual operating expenses before depreciation and amortization for the Water Operations Fund and the Sewer Operations Fund reported in the Combining Schedule of Revenues, Expenses and Changes in Net position for the Water Fund and the Sewage Disposal Fund. The warehouse lease line represents the total lease payments made for the warehouse which is included in the budget as an operating lease. For financial reporting purposes the warehouse payments are treated as a reduction in the lease liability and interest expense (which is a nonoperating expense). The subscription-based information technology arrangements (SBITA) payments line represents the payments made for the SBITA's which is included in the budget as a contractual service for the implementation portion and under supplies and other expenses for the payment of the software as a service. For financial reporting purposes the implementation costs have been treated as a prepaid subscription asset for the software that is not in service as of June 30, 2025. For the software that has been placed in service, payments made are treated as a reduction to the subscription liability for the right to use asset and interest expense.

### *Schedule of Revenue Requirement – Budget to Actual*

The revenue requirements are the basis for GLWA's budget and calculating Member Partner service charges. The revenue requirements are presented to align with the Master Bond Ordinance flow of funds categories. The budget basis reflects revenues and operations and maintenance expenses on an accrual basis adjusted for GASB 87 and GASB 96 as described in the note above. The budget also includes the cash payments for debt service, legacy pension obligations, water residential assistance program and regional system lease related activities.

The revenue requirement basis is foundational to GLWA's daily operations and long-term financial planning. The budget is adopted by the GLWA Board of Directors by resolution. The Board's action establishes the total operations and maintenance budget, total debt service requirements and total capital expenditures for the I&E Fund and Construction Fund for both the Regional Water System and the Regional Sewer System. The legal level of budgetary control is at this level. Administratively, the budget may be modified within these categories. Modifications to the budget beyond those established levels would be presented to the Audit Committee, and subsequently to the Board.

Investment earnings for the budget basis includes the stated interest rate received, amortization of the market discount or premium, and realized gains and losses (calculated for budget purposes as the difference between the selling price and the amortized cost basis). This will vary from the investment earnings reported in the basic financial statements. The main difference is the budget basis does not include unrealized gains and losses (calculated for budget purposes as the difference between the market value and the amortized cost basis).

## Note 3 – Schedule of Revenue Requirement to Statement of Revenues, Expenses and Changes in Net Position Crosswalk

The Great Lakes Water Authority establishes a revenue requirement budget for the purposes of establishing charges, which follows a modified cash basis of accounting. The financial report is prepared in accordance with Generally Accepted Accounting Principles for enterprise funds of a local government. The crosswalk provides a reconcilement between the different basis of accounting used for the budget and the financial report.

# STATISTICAL SECTION

The objective of the statistical section is to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess the Authority's economic condition.

The statistical section is divided into five sections as follows:

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information

**Sources:** Unless otherwise noted, information presented in the statistical schedules is compiled from GLWA's Annual Comprehensive Financial Reports, the prior financial reports of DWSD or other internal information systems.

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# FINANCIAL TRENDS

Financial trends information is intended to show how the Authority's financial position has changed over time.

## GREAT LAKES WATER AUTHORITY

SCHEDULE OF NET POSITION - BUSINESS-TYPE ACTIVITIES

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| **Assets** | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash and cash equivalents | $ 435,531,483 | $ 443,798,752 | $ 482,735,648 | $ 347,655,417 | $ 354,351,132 | $ 208,356,720 | $ 309,015,559 | $ 509,141,777 | $ 470,231,842 | $ 311,735,186 |
| Restricted cash and cash equivalents | 151,677,335 | 307,389,483 | 264,777,942 | 87,643,974 | 151,186,044 | 65,364,730 | 164,495,839 | 105,929,392 | 132,967,081 | 134,210,268 |
| Restricted cash for the benefit of DWSD | 57,578,032 | 58,146,817 | 42,463,972 | 20,469,633 | 6,064,197 | 1,544,529 | 3,318,316 | 8,418,827 | 288,378 | 62,078 |
| Investments | 219,969,415 | 175,045,455 | 63,241,295 | 185,209,092 | 322,929,971 | 473,549,014 | 274,246,497 | 16,511,237 | 2,283,028 | 43,620,761 |
| Restricted investments | 252,318,964 | 100,776,070 | 43,673,481 | 103,754,094 | 31,690,982 | 117,966,914 | 34,852,593 | 33,025,340 | 32,541,021 | 56,661,000 |
| Receivables | | | | | | | | | | |
| Billed | 61,374,779 | 59,831,592 | 111,310,366 | 118,892,413 | 108,247,576 | 95,159,661 | 98,886,172 | 88,712,190 | 88,694,341 | 85,676,104 |
| Unbilled | 57,164,651 | 36,096,073 | 57,768,194 | 54,395,207 | 54,387,680 | 54,893,266 | 50,441,488 | 54,429,817 | 53,818,603 | 55,345,336 |
| Other | 59,727 | 89,591 | 401,558 | 1,292,666 | 574,906 | 310,373 | 1,137,526 | 3,728,886 | 3,158,350 | 114,648,035 |
| Allowance for doubtful accounts | (8,260,910) | (6,006,614) | (58,846,688) | (56,823,732) | (50,884,273) | (44,991,966) | (42,257,915) | (39,084,816) | (35,352,009) | (124,009,242) |
| Due from other governments | 11,799,139 | 6,517,578 | 11,881,282 | 13,454,460 | 13,240,859 | 31,802,636 | 30,243,156 | 47,927,860 | 50,789,041 | 107,688,300 |
| Due from other funds | 5,428,371 | 6,717,488 | 3,247,468 | 2,328,086 | 2,948,712 | 2,134,191 | 2,889,522 | 3,778,220 | - | 65,971 |
| Contractual obligation receivable | 40,627,253 | 38,734,494 | 36,669,011 | 33,529,695 | 31,195,900 | 29,661,490 | 26,418,147 | 24,813,886 | 23,339,242 | 11,929,259 |
| Shortfall receivable - DWSD | - | - | - | - | 8,296,578 | 18,206,431 | 17,542,669 | 9,367,355 | - | - |
| Prepaid items and other assets | 16,443,107 | 18,010,354 | 16,473,691 | 13,622,385 | 11,744,542 | 10,150,336 | 8,448,932 | 4,949,631 | 3,526,568 | 2,591,049 |
| Inventories | 11,016,188 | 10,420,267 | 10,649,496 | 8,366,771 | 7,795,152 | 7,007,208 | 5,832,593 | 8,471,626 | 8,509,454 | 9,984,063 |
| Total Current Assets | 1,312,727,534 | 1,255,567,400 | 1,086,446,716 | 933,790,161 | 1,053,769,958 | 1,071,115,533 | 985,511,094 | 880,121,228 | 834,794,940 | 810,208,168 |
| Noncurrent Assets | | | | | | | | | | |
| Restricted cash and cash equivalents | 421,810,935 | 297,077,701 | 162,962,263 | 5,264,591 | 5,395,501 | 47,505,584 | 94,185,040 | 48,263,059 | 306,318,331 | 160,949,722 |
| Restricted investments | 7,068,834 | 7,325,544 | 134,324,735 | 40,691,319 | 38,533,910 | 39,819,506 | 150,978,512 | 293,697,988 | 101,708,122 | 105,028,079 |
| Contractual obligation receivable | 828,665,071 | 866,415,659 | 899,049,912 | 919,288,110 | 936,811,819 | 954,297,909 | 883,248,672 | 812,613,943 | 830,432,680 | 832,571,741 |
| Shortfall receivable - DWSD | - | - | - | - | - | 8,296,578 | 26,503,010 | 19,932,645 | - | - |
| Prepaid lease | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | - |
| Capital assets | | | | | | | | | | |
| Nondepreciable/nonamortizable | 1,459,822,766 | 1,172,921,362 | 1,088,758,476 | 887,940,328 | 813,485,421 | 719,865,490 | 786,405,120 | 706,046,995 | 730,471,792 | 711,434,348 |
| Depreciated/amortized, net | 3,144,503,289 | 3,307,213,601 | 3,319,883,704 | 3,527,083,870 | 3,644,679,801 | 3,786,833,157 | 3,849,136,489 | 4,089,136,230 | 4,178,315,045 | 4,427,945,555 |
| Prepaid insurance on debt | - | - | 15,142,970 | 16,773,793 | 18,357,442 | 19,988,764 | 22,635,151 | 29,933,631 | 32,694,221 | 48,653,581 |
| Total Noncurrent Assets | 5,886,870,895 | 5,675,953,867 | 5,645,122,060 | 5,422,042,011 | 5,482,263,894 | 5,601,606,988 | 5,838,091,994 | 6,024,624,491 | 6,204,940,191 | 6,286,583,026 |
| Total Assets | 7,199,598,429 | 6,931,521,267 | 6,731,568,776 | 6,355,832,172 | 6,536,033,852 | 6,672,722,521 | 6,823,603,088 | 6,904,745,719 | 7,039,735,131 | 7,096,791,194 |
| **Deferred Outflows of Resources** | | | | | | | | | | |
| Deferred charge on refunding | 66,149,659 | 75,062,279 | 133,948,479 | 152,338,303 | 163,387,050 | 174,435,795 | 241,879,138 | 280,975,963 | 297,646,441 | 328,659,457 |
| Deferred pension amounts | 5,481,429 | 14,891,972 | 47,723,960 | 30,158,700 | 61,687,252 | 42,661,204 | 31,717,285 | 52,015,636 | 59,954,478 | 37,997,043 |
| Total Deferred Outflows of Resources | 71,631,088 | 89,954,251 | 181,672,439 | 182,497,003 | 225,074,302 | 217,096,999 | 273,596,423 | 332,991,599 | 357,600,919 | 366,656,500 |

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| **Liabilities** | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Accounts and contracts payable | $ 147,852,649 | $ 122,248,743 | $ 113,308,498 | $ 94,379,034 | $ 85,221,415 | $ 74,070,629 | $ 74,662,036 | $ 67,832,136 | $ 64,298,400 | $ 85,626,614 |
| Accrued salaries, wages and benefits | 4,444,630 | 2,767,908 | 2,063,359 | 2,060,030 | 6,028,598 | 5,321,864 | 4,284,220 | 4,734,956 | 3,190,038 | 2,887,280 |
| Accrued liabilities | 60,926,566 | 62,468,484 | 53,951,292 | 25,004,633 | 11,573,811 | 5,357,056 | 7,109,589 | 12,679,692 | 2,252,616 | 1,550,254 |
| Due to other governments | 11,549,038 | 7,203,563 | 6,874,058 | 21,360,601 | 19,443,993 | 20,032,254 | 15,963,934 | 11,983,407 | 61,242,386 | 37,893,903 |
| Due to other funds | 5,428,371 | 6,717,488 | 3,247,468 | 2,328,086 | 2,948,712 | 2,134,191 | 2,889,522 | 3,778,220 | - | 65,971 |
| Interest payable | 94,865,886 | 95,118,780 | 82,190,367 | 70,965,548 | 71,811,380 | 58,452,960 | 84,456,284 | 80,431,318 | 80,340,520 | 81,139,013 |
| Current portion of: | | | | | | | | | | |
| Revenue bonds and loans | 244,265,752 | 261,405,480 | 149,725,340 | 127,403,800 | 119,909,733 | 121,998,075 | 117,602,109 | 81,756,050 | 89,314,212 | 96,552,356 |
| Raw water rights obligation | 3,212,750 | 3,085,994 | 2,963,619 | 2,845,282 | 2,734,246 | 2,624,820 | 2,520,996 | 2,999,458 | - | - |
| BC Note obligation | 3,294,492 | 3,257,960 | 695,845 | 662,710 | 631,153 | 601,097 | 572,474 | 545,213 | 519,251 | 494,524 |
| Regional system leases | 14,318,162 | 13,734,365 | 13,174,371 | 12,637,211 | 12,121,951 | 11,627,700 | 11,153,602 | 10,698,835 | 10,262,609 | 9,844,169 |
| Other liabilities | 11,537,032 | 24,455,219 | 29,182,845 | 6,813,946 | 5,867,203 | 6,380,583 | 5,751,747 | 5,687,043 | 6,714,210 | 7,789,273 |
| Total Current Liabilities | 601,695,328 | 602,463,984 | 457,377,062 | 366,460,881 | 338,292,195 | 308,601,229 | 326,966,513 | 283,126,328 | 318,134,242 | 323,843,357 |
| Noncurrent Liabilities | | | | | | | | | | |
| Revenue bonds and loans | 5,526,854,851 | 5,421,029,379 | 5,491,493,953 | 5,149,961,142 | 5,319,896,659 | 5,474,913,736 | 5,630,571,800 | 5,714,095,283 | 5,842,482,161 | 5,876,115,822 |
| Raw water rights obligation | 83,253,410 | 86,466,161 | 89,552,155 | 92,515,774 | 95,361,056 | 98,095,302 | 100,720,123 | 103,241,118 | - | - |
| BC Note obligation | 45,840,152 | 49,134,645 | 52,392,606 | 53,088,452 | 53,751,162 | 54,382,315 | 54,983,412 | 55,555,887 | 56,101,100 | 56,620,351 |
| Regional system lease | 847,874,572 | 862,192,735 | 875,927,100 | 889,101,471 | 901,738,681 | 913,860,632 | 925,488,338 | 936,641,935 | 947,340,770 | 957,603,379 |
| Other liabilities | 21,072,044 | 20,202,991 | 33,578,631 | 21,122,269 | 21,514,839 | 18,757,906 | 18,771,285 | 18,437,517 | 11,340,902 | 46,002,543 |
| Net pension liability | 29,537,160 | 37,046,052 | 63,174,607 | 65,221,327 | 144,305,198 | 132,909,889 | 131,981,165 | 178,961,907 | 194,075,547 | 170,229,438 |
| Total Noncurrent Liabilities | 6,554,432,189 | 6,476,071,963 | 6,606,119,052 | 6,271,010,435 | 6,536,567,595 | 6,692,919,780 | 6,862,516,123 | 7,006,933,647 | 7,051,340,480 | 7,106,571,533 |
| Total Liabilities | 7,156,127,517 | 7,078,535,947 | 7,063,496,114 | 6,637,471,316 | 6,874,859,790 | 7,001,521,009 | 7,189,482,636 | 7,290,059,975 | 7,369,474,722 | 7,430,414,890 |
| **Deferred Inflows of Resources** | | | | | | | | | | |
| Deferred gain on refunding | 179,397,002 | 133,311,884 | 81,269,853 | 88,783,069 | 96,296,284 | 103,809,499 | 108,300,657 | 105,907,267 | 112,080,430 | - |
| Deferred amounts for swap terminations | 47,478 | 52,283 | 57,089 | 61,895 | 84,205 | 106,515 | 240,839 | 270,150 | 299,461 | 4,373,886 |
| Deferred capital contribution | - | - | - | - | - | 5,960,000 | - | - | - | - |
| Deferred pension amounts | - | - | - | 31,311,922 | - | - | - | 20,254,690 | 18,316,430 | 43,342,798 |
| Total Deferred Inflows of Resources | 179,444,480 | 133,364,167 | 81,326,942 | 120,156,886 | 96,380,489 | 109,876,014 | 108,541,496 | 126,432,107 | 130,696,321 | 47,716,684 |
| **Net Position (Deficit)** | | | | | | | | | | |
| Net investment in capital assets | (355,297,558) | (428,661,605) | (336,552,993) | (194,715,306) | (302,012,473) | (351,218,780) | (228,867,586) | (49,720,885) | 140,378,223 | 311,166,676 |
| Restricted for construction | 2,327,795 | 2,258,067 | 2,180,985 | - | - | - | - | - | - | - |
| Restricted for debt service | 203,652,563 | 213,673,818 | 147,436,260 | 123,414,653 | 114,544,694 | 105,282,969 | 146,977,835 | 125,235,904 | 134,125,957 | 178,591,676 |
| Restricted for payment assistance program | 2,305,750 | 1,716,187 | 4,652,563 | 12,318,423 | 11,043,109 | 8,988,078 | 8,001,369 | 5,771,110 | 5,336,117 | 3,504,148 |
| Unrestricted | 82,668,970 | 20,588,937 | (49,298,656) | (160,316,797) | (33,707,455) | 15,370,230 | (126,936,239) | (260,040,893) | (382,675,290) | (507,946,380) |
| **TOTAL NET POSITION (DEFICIT)** | $ (64,342,480) | $ (190,424,596) | $ (231,581,841) | $ (219,299,027) | $ (210,132,125) | $ (221,577,503) | $ (200,824,621) | $ (178,754,764) | $ (102,834,993) | $ (14,683,880) |

## GREAT LAKES WATER AUTHORITY

SCHEDULE OF NET POSITION - WATER FUND

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| **Assets** | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash and cash equivalents | $ 207,381,565 | $ 190,551,656 | $ 222,625,550 | $ 147,191,020 | $ 162,766,427 | $ 88,786,996 | $ 148,643,793 | $ 310,085,221 | $ 266,483,138 | $ 155,712,891 |
| Restricted cash and cash equivalents | 58,223,438 | 141,618,876 | 127,679,570 | 49,069,747 | 65,677,030 | 39,304,453 | 68,564,311 | 51,097,342 | 60,753,268 | 53,028,844 |
| Restricted cash for the benefit of DWSD | 23,814,008 | 24,695,007 | 17,474,699 | 11,371,285 | 3,144,400 | 1,544,529 | 2,690,397 | 8,418,827 | 288,378 | 10,430 |
| Investments | 99,043,449 | 86,039,805 | 21,081,772 | 91,499,859 | 190,541,958 | 305,653,818 | 198,561,135 | 7,004,525 | 852,420 | 11,579,681 |
| Restricted investments | 123,128,174 | 43,009,504 | 9,975,144 | 30,711,544 | 2,932,400 | 30,900,352 | 1,468,148 | 1,234,954 | 1,169,187 | 27,818,000 |
| Receivables | | | | | | | | | | |
| Billed | 45,998,943 | 44,621,471 | 55,359,908 | 54,169,640 | 48,694,817 | 38,769,605 | 38,336,701 | 38,272,740 | 36,459,563 | 37,629,170 |
| Unbilled | 31,761,275 | 26,015,465 | 33,527,694 | 30,349,758 | 30,066,884 | 31,032,237 | 26,144,348 | 29,229,709 | 29,539,433 | 32,307,945 |
| Other | 58,504 | 82,346 | 286,079 | 295,791 | 85,494 | 214,997 | 916,074 | 5,850 | 1,300 | 21,899,046 |
| Allowance for doubtful accounts | (8,245,546) | (6,000,000) | (16,225,907) | (13,917,234) | (11,562,519) | (8,634,075) | (7,455,747) | (6,221,815) | (4,941,777) | (25,040,612) |
| Due from other governments | 2,325,228 | 2,607,102 | 5,785,565 | 11,246,188 | 11,889,748 | 20,343,238 | 30,063,571 | 23,588,754 | 21,327,713 | 41,486,157 |
| Due from other funds | 749,587 | 4,555,762 | 1,032,754 | 2,328,086 | 2,786,344 | 2,134,191 | 2,876,954 | 330,293 | - | - |
| Contractual obligation receivable | 22,858,664 | 21,990,092 | 20,608,286 | 18,126,021 | 16,558,716 | 15,620,163 | 14,328,368 | 13,560,086 | 12,076,942 | 6,851,584 |
| Prepaid items and other assets | 10,411,532 | 11,528,504 | 10,795,086 | 8,701,487 | 7,601,239 | 6,458,613 | 5,647,661 | 3,265,972 | 2,437,047 | 2,183,690 |
| Inventories | - | - | - | - | 794,521 | 636,621 | 386,612 | - | - | - |
| Total Current Assets | 617,508,821 | 591,315,590 | 510,006,200 | 441,143,192 | 531,977,459 | 572,765,738 | 531,172,326 | 479,872,458 | 426,446,612 | 365,466,826 |
| Noncurrent Assets | | | | | | | | | | |
| Restricted cash and cash equivalents | 269,831,486 | 128,140,663 | 96,480,165 | 2,773,291 | 2,519,127 | 20,491,397 | 32,154,262 | 18,261,706 | 177,939,494 | 5,460,942 |
| Restricted investments | 1,892,680 | 1,953,942 | 22,002,166 | 9,506,991 | 8,651,762 | 10,770,585 | 77,075,423 | 150,436,225 | 20,530,374 | 42,841,345 |
| Contractual obligation receivable | 506,291,266 | 528,292,868 | 544,820,801 | 549,493,189 | 552,093,376 | 554,942,283 | 468,481,719 | 477,039,443 | 483,604,380 | 466,317,666 |
| Prepaid lease | 11,250,000 | 11,250,000 | 11,250,000 | 11,250,000 | 11,250,000 | 11,250,000 | 11,250,000 | 11,250,000 | 11,250,000 | - |
| Capital assets | | | | | | | | | | |
| Nondepreciable/nonamortizable | 841,843,338 | 708,545,333 | 670,557,112 | 567,414,021 | 498,010,970 | 418,996,654 | 467,830,218 | 434,684,895 | 452,185,674 | 415,558,090 |
| Depreciated/amortized, net | 1,299,448,724 | 1,366,169,471 | 1,330,639,811 | 1,384,312,298 | 1,418,773,460 | 1,487,915,510 | 1,492,118,136 | 1,604,038,058 | 1,587,291,603 | 1,728,054,410 |
| Prepaid insurance on debt | - | - | 5,995,322 | 6,649,782 | 7,304,243 | 7,958,703 | 8,754,897 | 13,002,376 | 14,112,324 | 20,831,496 |
| Total Noncurrent Assets | 2,930,557,494 | 2,744,352,277 | 2,681,745,377 | 2,531,399,572 | 2,498,602,938 | 2,512,325,132 | 2,557,664,655 | 2,708,712,703 | 2,746,913,849 | 2,679,063,949 |
| Total Assets | 3,548,066,315 | 3,335,667,867 | 3,191,751,577 | 2,972,542,764 | 3,030,580,397 | 3,085,090,870 | 3,088,836,981 | 3,188,585,161 | 3,173,360,461 | 3,044,530,775 |
| **Deferred Outflows of Resources** | | | | | | | | | | |
| Deferred charge on refunding | 22,155,705 | 24,498,242 | 39,316,288 | 41,997,055 | 44,677,823 | 47,358,590 | 82,508,971 | 94,431,823 | 99,294,499 | 116,511,949 |
| Deferred pension amounts | 1,964,893 | 5,338,231 | 17,107,308 | 10,810,800 | 22,112,642 | 15,292,494 | 11,369,496 | 18,645,719 | 21,491,506 | 13,620,562 |
| Total Deferred Outflows of Resources | 24,120,598 | 29,836,473 | 56,423,596 | 52,807,855 | 66,790,465 | 62,651,084 | 93,878,467 | 113,077,542 | 120,786,005 | 130,132,511 |

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| **Liabilities** | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Accounts and contracts payable | $ 67,866,834 | $ 64,672,188 | $ 60,207,304 | $ 56,890,771 | $ 53,039,330 | $ 43,231,679 | $ 36,657,714 | $ 33,754,534 | $ 36,751,842 | $ 49,474,527 |
| Accrued salaries, wages and benefits | 3,793,297 | 2,261,789 | 1,757,758 | 1,046,674 | 4,892,033 | 5,321,864 | 4,284,220 | 4,734,956 | 3,190,038 | 2,887,280 |
| Accrued liabilities | 25,234,778 | 28,883,806 | 25,111,216 | 15,261,427 | 6,958,556 | 5,357,056 | 6,481,670 | 12,679,692 | 1,353,816 | 875,796 |
| Due to other governments | 10,626,406 | 2,903,115 | 3,124,058 | 17,610,601 | 15,693,993 | 18,282,254 | 15,963,934 | 11,935,868 | 25,393,813 | 13,668,890 |
| Due to other funds | 4,678,784 | 2,161,726 | 2,214,714 | - | 162,368 | - | 12,568 | 3,447,927 | - | 65,971 |
| Interest payable | 48,494,681 | 48,294,351 | 41,789,634 | 36,398,995 | 36,621,768 | 30,887,915 | 40,325,682 | 39,322,324 | 39,329,322 | 37,226,125 |
| Current portion of: | | | | | | | | | | |
| Revenue bonds and loans | 110,897,236 | 111,145,612 | 62,332,082 | 40,091,255 | 32,500,450 | 33,058,615 | 29,244,447 | 20,569,843 | 23,393,905 | 35,650,167 |
| Raw water rights obligation | 3,212,750 | 3,085,994 | 2,963,619 | 2,845,282 | 2,734,246 | 2,624,820 | 2,520,996 | 2,999,458 | - | - |
| BC Note obligation | 1,013,903 | 1,002,660 | 214,151 | 203,954 | 194,242 | 184,992 | 176,183 | 167,794 | 159,803 | 152,193 |
| Regional system lease | 6,443,173 | 6,180,464 | 5,928,467 | 5,686,745 | 5,454,878 | 5,232,465 | 5,019,121 | 4,814,476 | 4,618,174 | 4,429,876 |
| Other liabilities | 5,054,910 | 4,651,922 | 3,743,223 | 3,378,083 | 3,123,843 | 5,331,161 | 4,938,308 | 4,635,565 | 2,182,888 | 6,675,228 |
| Total Current Liabilities | 287,316,752 | 275,243,627 | 209,386,226 | 179,413,787 | 161,375,707 | 149,512,821 | 145,624,843 | 139,062,437 | 136,373,601 | 151,106,053 |
| Noncurrent Liabilities | | | | | | | | | | |
| Revenue bonds and loans | 2,781,806,976 | 2,628,339,128 | 2,592,206,224 | 2,359,238,286 | 2,407,391,624 | 2,459,730,737 | 2,467,177,447 | 2,545,529,255 | 2,606,465,431 | 2,488,824,632 |
| Raw water rights obligation | 83,253,410 | 86,466,161 | 89,552,155 | 92,515,774 | 95,361,056 | 98,095,302 | 100,720,123 | 103,241,118 | - | - |
| BC Note obligation | 14,107,624 | 15,121,527 | 16,124,188 | 16,338,339 | 16,542,293 | 16,736,534 | 16,921,526 | 17,097,709 | 17,265,503 | 17,425,306 |
| Regional system lease | 381,543,557 | 387,986,731 | 394,167,195 | 400,095,662 | 405,782,406 | 411,237,284 | 416,469,750 | 421,488,871 | 426,303,346 | 430,921,520 |
| Other liabilities | 5,076,232 | 5,249,266 | 3,713,668 | 4,132,979 | 4,138,780 | 4,840,615 | 4,979,604 | 4,933,977 | 5,170,201 | 9,784,562 |
| Net pension liability | 10,588,001 | 13,279,666 | 22,645,805 | 23,379,480 | 51,728,179 | 47,643,374 | 47,310,460 | 64,151,352 | 69,569,044 | 61,021,079 |
| Total Noncurrent Liabilities | 3,276,375,800 | 3,136,442,479 | 3,118,409,235 | 2,895,700,520 | 2,980,944,338 | 3,038,283,846 | 3,053,578,910 | 3,156,442,282 | 3,124,773,525 | 3,007,977,099 |
| Total Liabilities | 3,563,692,552 | 3,411,686,106 | 3,327,795,461 | 3,075,114,307 | 3,142,320,045 | 3,187,796,667 | 3,199,203,753 | 3,295,504,719 | 3,261,147,126 | 3,159,083,152 |
| **Deferred Inflows of Resources** | | | | | | | | | | |
| Deferred gain on refunding | 84,770,706 | 64,897,267 | 44,182,654 | 48,216,421 | 52,250,187 | 56,283,953 | 60,317,719 | 59,252,431 | 62,822,646 | - |
| Deferred amounts for swap terminations | 47,260 | 51,986 | 56,712 | 61,438 | 66,164 | 70,890 | 75,616 | 80,342 | 85,068 | 4,134,908 |
| Deferred pension amounts | - | - | - | 11,224,189 | - | - | - | 7,260,572 | 6,565,776 | 15,536,821 |
| Total Deferred Inflows of Resources | 84,817,966 | 64,949,253 | 44,239,366 | 59,502,048 | 52,316,351 | 56,354,843 | 60,393,335 | 66,593,345 | 69,473,490 | 19,671,729 |
| **Net Position (Deficit)** | | | | | | | | | | |
| Net investment in capital assets | (229,515,406) | (243,351,501) | (198,390,747) | (109,163,683) | (191,352,010) | (237,858,820) | (166,485,092) | (84,133,546) | (2,321,309) | 90,778,518 |
| Restricted for debt service | 90,366,871 | 89,928,545 | 56,139,482 | 31,660,045 | 23,688,943 | 19,479,656 | 29,731,576 | 23,239,368 | 26,194,280 | 69,797,836 |
| Restricted for payment assistance program | 1,181,497 | 931,099 | 2,289,905 | 5,272,708 | 4,614,294 | 3,754,368 | 3,369,875 | 2,462,214 | 2,218,373 | 1,451,598 |
| Unrestricted | 61,643,433 | 41,360,838 | 16,101,706 | (37,034,806) | 65,783,239 | 118,215,240 | 56,502,001 | (2,003,397) | (62,565,494) | (166,119,547) |
| **TOTAL NET POSITION (DEFICIT)** | $ (76,323,605) | $ (111,131,019) | $ (123,859,654) | $ (109,265,736) | $ (97,265,534) | $ (96,409,556) | $ (76,881,640) | $ (60,435,361) | $ (36,474,150) | $ (4,091,595) |

## GREAT LAKES WATER AUTHORITY

SCHEDULE OF NET POSITION - SEWAGE DISPOSAL FUND

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| **Assets** | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash and cash equivalents | $ 228,149,918 | $ 253,247,096 | $ 260,110,098 | $ 200,464,397 | $ 191,584,705 | $ 119,569,724 | $ 160,371,766 | $ 199,056,556 | $ 203,748,704 | $ 156,022,295 |
| Restricted cash and cash equivalents | 93,453,897 | 165,770,607 | 137,098,372 | 38,574,227 | 85,509,014 | 26,060,277 | 95,931,528 | 54,832,050 | 72,213,813 | 81,181,424 |
| Restricted cash for the benefit of DWSD | 33,764,024 | 33,451,810 | 24,989,273 | 9,098,348 | 2,919,797 | - | 627,919 | - | - | 51,648 |
| Investments | 120,925,966 | 89,005,650 | 42,159,523 | 93,709,233 | 132,388,013 | 167,895,196 | 75,685,362 | 9,506,712 | 1,430,608 | 32,041,080 |
| Restricted investments | 129,190,790 | 57,766,566 | 33,698,337 | 73,042,550 | 28,758,582 | 87,066,562 | 33,384,445 | 31,790,386 | 31,371,834 | 28,843,000 |
| Receivables | | | | | | | | | | |
| Billed | 15,375,836 | 15,210,121 | 55,950,458 | 64,722,773 | 59,552,759 | 56,390,056 | 60,549,471 | 50,439,450 | 52,234,778 | 48,046,934 |
| Unbilled | 25,403,376 | 10,080,608 | 24,240,500 | 24,045,449 | 24,320,796 | 23,861,029 | 24,297,140 | 25,200,108 | 24,279,170 | 23,037,391 |
| Other | 1,223 | 7,245 | 115,479 | 996,875 | 489,412 | 95,376 | 221,452 | 3,723,036 | 3,157,050 | 92,748,989 |
| Allowance for doubtful accounts | (15,364) | (6,614) | (42,620,781) | (42,906,498) | (39,321,754) | (36,357,891) | (34,802,168) | (32,863,001) | (30,410,232) | (98,968,630) |
| Due from other governments | 9,473,911 | 3,910,476 | 6,095,717 | 2,208,272 | 1,351,111 | 11,459,398 | 179,585 | 24,339,106 | 29,461,328 | 66,202,143 |
| Due from other funds | 4,678,784 | 2,161,726 | 2,214,714 | - | 162,368 | - | 12,568 | 3,447,927 | - | 65,971 |
| Contractual obligation receivable | 17,768,589 | 16,744,402 | 16,060,725 | 15,403,674 | 14,637,184 | 14,041,327 | 12,089,779 | 11,253,800 | 11,262,300 | 5,077,675 |
| Shortfall receivable - DWSD | - | - | - | - | 8,296,578 | 18,206,431 | 17,542,669 | 9,367,355 | - | - |
| Prepaid items and other assets | 6,031,575 | 6,481,850 | 5,678,605 | 4,920,898 | 4,143,303 | 3,691,723 | 2,801,271 | 1,683,659 | 1,089,521 | 407,359 |
| Inventories | 11,016,188 | 10,420,267 | 10,649,496 | 8,366,771 | 7,000,631 | 6,370,587 | 5,445,981 | 8,471,626 | 8,509,454 | 9,984,063 |
| Total Current Assets | 695,218,713 | 664,251,810 | 576,440,516 | 492,646,969 | 521,792,499 | 498,349,795 | 454,338,768 | 400,248,770 | 408,348,328 | 444,741,342 |
| Noncurrent Assets | | | | | | | | | | |
| Restricted cash and cash equivalents | 151,979,449 | 168,937,038 | 66,482,098 | 2,491,300 | 2,876,374 | 27,014,187 | 62,030,778 | 30,001,353 | 128,378,837 | 155,488,780 |
| Restricted investments | 5,176,154 | 5,371,602 | 112,322,569 | 31,184,328 | 29,882,148 | 29,048,921 | 73,903,089 | 143,261,763 | 81,177,748 | 62,186,734 |
| Contractual obligation receivable | 322,373,805 | 338,122,791 | 354,229,111 | 369,794,921 | 384,718,443 | 399,355,626 | 414,766,953 | 335,574,500 | 346,828,300 | 366,254,075 |
| Shortfall receivable - DWSD | - | - | - | - | - | 8,296,578 | 26,503,010 | 19,932,645 | - | - |
| Prepaid lease | 13,750,000 | 13,750,000 | 13,750,000 | 13,750,000 | 13,750,000 | 13,750,000 | 13,750,000 | 13,750,000 | 13,750,000 | - |
| Capital assets | | | | | | | | | | |
| Nondepreciable/nonamortizable | 617,979,428 | 464,376,029 | 418,201,364 | 320,526,307 | 315,474,451 | 300,868,836 | 318,574,902 | 271,362,100 | 278,286,118 | 295,876,258 |
| Depreciated/amortized, net | 1,845,054,565 | 1,941,044,130 | 1,989,243,893 | 2,142,771,572 | 2,225,906,341 | 2,298,917,647 | 2,357,018,353 | 2,485,098,172 | 2,591,023,442 | 2,699,891,145 |
| Prepaid insurance on debt | - | - | 9,147,648 | 10,124,011 | 11,053,199 | 12,030,061 | 13,880,254 | 16,931,255 | 18,581,897 | 27,822,085 |
| Total Noncurrent Assets | 2,956,313,401 | 2,931,601,590 | 2,963,376,683 | 2,890,642,439 | 2,983,660,956 | 3,089,281,856 | 3,280,427,339 | 3,315,911,788 | 3,458,026,342 | 3,607,519,077 |
| Total Assets | 3,651,532,114 | 3,595,853,400 | 3,539,817,199 | 3,383,289,408 | 3,505,453,455 | 3,587,631,651 | 3,734,766,107 | 3,716,160,558 | 3,866,374,670 | 4,052,260,419 |
| **Deferred Outflows of Resources** | | | | | | | | | | |
| Deferred charge on refunding | 43,993,954 | 50,564,037 | 94,632,191 | 110,341,248 | 118,709,227 | 127,077,205 | 159,370,167 | 186,544,140 | 198,351,942 | 212,147,508 |
| Deferred pension amounts | 3,516,536 | 9,553,741 | 30,616,652 | 19,347,900 | 39,574,610 | 27,368,710 | 20,347,789 | 33,369,917 | 38,462,972 | 24,376,481 |
| Total Deferred Outflows of Resources | 47,510,490 | 60,117,778 | 125,248,843 | 129,689,148 | 158,283,837 | 154,445,915 | 179,717,956 | 219,914,057 | 236,814,914 | 236,523,989 |

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| **Liabilities** | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Accounts and contracts payable | $ 79,985,815 | $ 57,576,555 | $ 53,101,194 | $ 37,488,263 | $ 32,182,085 | $ 30,838,950 | $ 38,004,322 | $ 34,077,602 | $ 27,546,558 | $ 36,152,087 |
| Accrued salaries, wages and benefits | 651,333 | 506,119 | 305,601 | 1,013,356 | 1,136,565 | - | - | - | - | - |
| Accrued liabilities | 35,691,788 | 33,584,678 | 28,840,076 | 9,743,206 | 4,615,255 | - | 627,919 | - | 898,800 | 674,458 |
| Due to other governments | 922,632 | 4,300,448 | 3,750,000 | 3,750,000 | 3,750,000 | 1,750,000 | - | 47,539 | 35,848,573 | 24,225,013 |
| Due to other funds | 749,587 | 4,555,762 | 1,032,754 | 2,328,086 | 2,786,344 | 2,134,191 | 2,876,954 | 330,293 | - | - |
| Interest payable | 46,371,205 | 46,824,429 | 40,400,733 | 34,566,553 | 35,189,612 | 27,565,045 | 44,130,602 | 41,108,994 | 41,011,198 | 43,912,888 |
| Current portion of: | | | | | | | | | | |
| Revenue bonds and loans | 133,368,516 | 150,259,868 | 87,393,258 | 87,312,545 | 87,409,283 | 88,939,460 | 88,357,662 | 61,186,207 | 65,920,307 | 60,902,189 |
| BC Note obligation | 2,280,589 | 2,255,300 | 481,694 | 458,756 | 436,911 | 416,105 | 396,291 | 377,419 | 359,448 | 342,331 |
| Regional system lease | 7,874,989 | 7,553,901 | 7,245,904 | 6,950,466 | 6,667,073 | 6,395,235 | 6,134,481 | 5,884,359 | 5,644,435 | 5,414,293 |
| Other liabilities | 6,482,122 | 19,803,297 | 25,439,622 | 3,435,863 | 2,743,360 | 1,049,422 | 813,439 | 1,051,478 | 4,531,322 | 1,114,045 |
| Total Current Liabilities | 314,378,576 | 327,220,357 | 247,990,836 | 187,047,094 | 176,916,488 | 159,088,408 | 181,341,670 | 144,063,891 | 181,760,641 | 172,737,304 |
| Noncurrent Liabilities | | | | | | | | | | |
| Revenue bonds and loans | 2,745,047,875 | 2,792,690,251 | 2,899,287,729 | 2,790,722,856 | 2,912,505,035 | 3,015,182,999 | 3,163,394,353 | 3,168,566,028 | 3,236,016,730 | 3,387,291,190 |
| BC Note obligation | 31,732,528 | 34,013,118 | 36,268,418 | 36,750,113 | 37,208,869 | 37,645,781 | 38,061,886 | 38,458,178 | 38,835,597 | 39,195,045 |
| Regional system lease | 466,331,015 | 474,206,004 | 481,759,905 | 489,005,809 | 495,956,275 | 502,623,348 | 509,018,588 | 515,153,064 | 521,037,424 | 526,681,859 |
| Other liabilities | 15,995,812 | 14,953,725 | 29,864,963 | 16,989,290 | 17,376,059 | 13,917,291 | 13,791,681 | 13,503,540 | 6,170,701 | 36,217,981 |
| Net pension liability | 18,949,159 | 23,766,386 | 40,528,802 | 41,841,847 | 92,577,019 | 85,266,515 | 84,670,705 | 114,810,555 | 124,506,503 | 109,208,359 |
| Total Noncurrent Liabilities | 3,278,056,389 | 3,339,629,484 | 3,487,709,817 | 3,375,309,915 | 3,555,623,257 | 3,654,635,934 | 3,808,937,213 | 3,850,491,365 | 3,926,566,955 | 4,098,594,434 |
| Total Liabilities | 3,592,434,965 | 3,666,849,841 | 3,735,700,653 | 3,562,357,009 | 3,732,539,745 | 3,813,724,342 | 3,990,278,883 | 3,994,555,256 | 4,108,327,596 | 4,271,331,738 |
| **Deferred Inflows of Resources** | | | | | | | | | | |
| Deferred gain on refunding | 94,626,296 | 68,414,617 | 37,087,199 | 40,566,648 | 44,046,097 | 47,525,546 | 47,982,938 | 46,654,836 | 49,257,784 | - |
| Deferred amounts for swap terminations | 218 | 297 | 377 | 457 | 18,041 | 35,625 | 165,223 | 189,808 | 214,393 | 238,978 |
| Deferred capital contribution | - | - | - | - | - | 5,960,000 | - | - | - | - |
| Deferred pension amounts | - | - | - | 20,087,733 | - | - | - | 12,994,118 | 11,750,654 | 27,805,977 |
| Total Deferred Inflows of Resources | 94,626,514 | 68,414,914 | 37,087,576 | 60,654,838 | 44,064,138 | 53,521,171 | 48,148,161 | 59,838,762 | 61,222,831 | 28,044,955 |
| **Net Position (Deficit)** | | | | | | | | | | |
| Net investment in capital assets | (125,782,152) | (185,310,104) | (138,162,246) | (85,551,623) | (110,660,463) | (113,359,960) | (62,382,494) | 34,412,661 | 142,699,532 | 220,388,158 |
| Restricted for construction | 2,327,795 | 2,258,067 | 2,180,985 | - | - | - | - | - | - | - |
| Restricted for debt service | 113,285,692 | 123,745,273 | 91,296,778 | 91,754,608 | 90,855,751 | 85,803,313 | 117,246,259 | 101,996,536 | 107,931,677 | 108,793,840 |
| Restricted for payment assistance program | 1,124,253 | 785,088 | 2,362,658 | 7,045,715 | 6,428,815 | 5,233,710 | 4,631,494 | 3,308,896 | 3,117,744 | 2,052,550 |
| Unrestricted | 21,025,537 | (20,771,901) | (65,400,362) | (123,281,991) | (99,490,694) | (102,845,010) | (183,438,240) | (258,037,496) | (320,109,796) | (341,826,833) |
| **TOTAL NET POSITION (DEFICIT)** | $ 11,981,125 | $ (79,293,577) | $ (107,722,187) | $ (110,033,291) | $ (112,866,591) | $ (125,167,947) | $ (123,942,981) | $ (118,319,403) | $ (66,360,843) | $ (10,592,285) |

## GREAT LAKES WATER AUTHORITY

Schedule 2

CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* |
| **Operating Revenues** | | | | | | | | | | |
| Wholesale customer charges | $ 636,667,038 | $ 620,278,257 | $ 616,511,308 | $ 591,839,582 | $ 589,991,584 | $ 578,705,063 | $ 584,171,596 | $ 592,096,175 | $ 594,426,876 | $ 281,883,522 |
| Charges to local system | 233,019,600 | 222,106,800 | 213,876,500 | 210,359,500 | 209,885,200 | 207,102,800 | 201,340,700 | 194,099,800 | 202,794,400 | 102,660,400 |
| Industrial waste charges | 8,849,415 | 8,617,495 | 8,393,103 | 8,300,278 | 8,004,939 | 7,854,593 | 9,106,274 | 14,334,979 | 14,381,106 | 6,910,192 |
| Pollutant surcharges | 4,583,986 | 4,088,519 | 4,894,567 | 5,181,816 | 6,719,964 | 6,448,508 | 5,932,550 | 6,908,404 | 5,206,294 | 2,423,910 |
| Bad debt recovery (credit) | - | (20,709,400) | - | - | - | - | - | - | 40,172,155 | - |
| Other revenues | 948,069 | 1,149,414 | 2,011,011 | 663,953 | 766,943 | 778,257 | 527,663 | 4,455,345 | 576,195 | 4,252,477 |
| Total Operating Revenues | 884,068,108 | 835,531,085 | 845,686,489 | 816,345,129 | 815,368,630 | 800,889,221 | 801,078,783 | 811,894,703 | 857,557,026 | 398,130,501 |
| **Operating Expenses** | | | | | | | | | | |
| Personnel | 136,882,729 | 125,455,261 | 114,808,018 | 107,053,390 | 106,945,131 | 104,266,420 | 98,588,599 | 95,525,457 | 86,156,304 | 21,590,763 |
| Contractual services | 129,437,061 | 116,144,078 | 116,946,973 | 114,094,006 | 103,324,025 | 109,448,358 | 101,743,758 | 99,877,310 | 90,135,859 | 17,179,869 |
| Utilities | 67,059,281 | 71,938,730 | 77,276,536 | 59,655,751 | 52,749,654 | 51,152,735 | 51,395,385 | 53,694,380 | 55,661,469 | 25,037,499 |
| Chemicals | 34,385,123 | 31,075,405 | 30,542,063 | 20,382,163 | 13,982,136 | 14,241,843 | 13,275,860 | 12,877,813 | 14,765,181 | 6,451,484 |
| Supplies and other expenses | 43,917,542 | 42,093,447 | 34,571,711 | 29,069,352 | 31,097,071 | 35,427,273 | 37,120,915 | 34,526,388 | 20,162,690 | 17,903,355 |
| Capital adjustment | - | - | - | - | - | 26,780 | 2,258,351 | - | - | - |
| Capital program allocation | (2,900,580) | (2,847,434) | (2,189,642) | (2,632,136) | (3,191,809) | (3,347,401) | (3,380,755) | (1,683,450) | (2,128,078) | - |
| Intergovernmental reimbursements | (6,663,523) | (7,102,087) | (5,132,485) | (2,887,881) | (3,166,692) | (1,733,710) | (7,139,362) | (9,908,111) | (11,704,210) | - |
| Centralized services | - | - | - | - | - | - | - | - | - | 35,228,282 |
| Administrative services | - | - | - | - | - | - | - | - | - | 10,534,428 |
| Depreciation | 242,487,488 | 265,043,620 | 289,956,600 | 281,209,656 | 274,043,606 | 280,104,195 | 309,115,490 | 331,242,398 | 329,766,377 | 157,316,574 |
| Amortization of intangible assets | 6,774,048 | 4,836,584 | 4,006,368 | 4,006,368 | 3,676,590 | 3,566,664 | 3,566,664 | 2,080,554 | - | - |
| Total Operating Expenses | 651,379,169 | 646,637,604 | 660,786,142 | 609,950,669 | 579,459,712 | 593,153,157 | 606,544,905 | 618,232,739 | 582,815,592 | 291,242,254 |
| **Operating Income** | 232,688,939 | 188,893,481 | 184,900,347 | 206,394,460 | 235,908,918 | 207,736,064 | 194,533,878 | 193,661,964 | 274,741,434 | 106,888,247 |
| **Nonoperating Revenues (Expenses)** | | | | | | | | | | |
| Earnings (loss) on investments | 48,794,868 | 61,853,367 | 37,601,830 | (5,384,278) | 1,259,624 | 25,416,706 | 26,517,802 | 11,395,785 | 4,042,790 | 1,481,398 |
| Interest on obligations receivable | 38,291,449 | 39,854,908 | 41,059,361 | 42,264,765 | 43,722,511 | 42,434,884 | 41,777,702 | 38,856,520 | 42,332,428 | 21,062,500 |
| Interest expense | (271,506,568) | (278,957,613) | (271,291,054) | (256,196,504) | (263,485,014) | (288,947,856) | (296,597,333) | (300,395,306) | (291,592,097) | (148,447,442) |
| Amortization of debt related items and COI | 25,935,507 | (4,154,979) | 3,998,310 | 13,318,015 | 12,965,639 | 10,302,560 | 3,995,230 | 8,684,285 | (14,937,182) | 2,055,724 |
| Legacy pension recovery (expense) | (3,026,451) | (6,703,433) | 20,765,202 | (13,915,303) | (22,527,961) | (20,143,505) | 16,778,381 | (24,922,162) | (7,021,006) | - |
| Water Residential Assistance Program | (3,828,438) | (6,772,438) | (12,342,512) | (2,792,837) | (1,517,453) | (3,315,117) | (2,024,119) | (3,755,534) | (2,127,333) | - |
| Other | 18,040,036 | 6,711,713 | 1,752,328 | 153,741 | (840,886) | (196,618) | (524,198) | 554,677 | 379,409 | 275,693 |
| Discontinued capital projects | - | - | (20,902,626) | - | - | - | - | - | - | - |
| Sewer lookback - MOU adjustment | - | - | - | - | - | - | (6,527,200) | - | - | - |
| Total Nonoperating Expenses | (147,299,597) | (188,168,475) | (199,359,161) | (222,552,401) | (230,423,540) | (234,448,946) | (216,603,735) | (269,581,735) | (268,922,991) | (123,572,127) |
| **Income (loss) before capital contributions and special item** | 85,389,342 | 725,006 | (14,458,814) | (16,157,941) | 5,485,378 | (26,712,882) | (22,069,857) | (75,919,771) | 5,818,443 | (16,683,880) |
| **Capital Contributions** | 40,692,774 | 40,432,239 | 2,176,000 | 6,991,039 | 5,960,000 | 5,960,000 | - | - | 320,707 | 2,000,000 |
| **Special Item - MOU with DWSD** | - | - | - | - | - | - | - | - | (94,290,263) | - |
| **Change in Net Position** | 126,082,116 | 41,157,245 | (12,282,814) | (9,166,902) | 11,445,378 | (20,752,882) | (22,069,857) | (75,919,771) | (88,151,113) | (14,683,880) |
| NET POSITION (DEFICIT), Beginning of Year | (190,424,596) | (231,581,841) | (219,299,027) | (210,132,125) | (221,577,503) | (200,824,621) | (178,754,764) | (102,834,993) | (14,683,880) | - |
| **NET POSITION (DEFICIT), END OF YEAR** | $ (64,342,480) | $ (190,424,596) | $ (231,581,841) | $ (219,299,027) | $ (210,132,125) | $ (221,577,503) | $ (200,824,621) | $ (178,754,764) | $ (102,834,993) | $ (14,683,880) |

* GLWA began operations on January 1, 2016. The data for FY 2016 relates to six months of activity through June 30, 2016.

# GREAT LAKES WATER AUTHORITY

CHANGES IN NET POSITION - WATER FUND

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* |
| **Operating Revenues** | | | | | | | | | | |
| Wholesale customer charges | $ 348,976,278 | $ 337,511,167 | $ 340,593,806 | $ 323,026,213 | $ 322,423,768 | $ 312,701,777 | $ 311,399,136 | $ 323,117,344 | $ 331,115,131 | $ 160,777,169 |
| Charges to local system | 27,094,800 | 25,537,200 | 22,834,300 | 21,697,300 | 21,925,500 | 21,295,500 | 20,181,400 | 15,130,600 | 15,490,300 | 6,833,500 |
| Bad debt recovery (credit) | - | (5,152,500) | - | - | - | - | - | - | 5,107,125 | - |
| Other revenues | 383,450 | 654,989 | 350,991 | 234,462 | 265,822 | 256,300 | 21,340 | 64,200 | 37,388 | 54,863 |
| Total Operating Revenues | 376,454,528 | 358,550,856 | 363,779,097 | 344,957,975 | 344,615,090 | 334,253,577 | 331,601,876 | 338,312,144 | 351,749,944 | 167,665,532 |
| **Operating Expenses** | | | | | | | | | | |
| Personnel | 60,047,778 | 54,404,612 | 48,855,342 | 44,892,622 | 43,889,495 | 43,946,225 | 42,085,546 | 41,845,295 | 38,261,393 | 8,301,022 |
| Contractual services | 59,229,854 | 54,036,139 | 52,817,187 | 50,683,897 | 40,410,811 | 46,097,405 | 43,083,078 | 35,794,549 | 34,257,419 | 3,304,113 |
| Utilities | 30,874,851 | 32,695,479 | 33,436,545 | 28,725,292 | 28,828,226 | 27,719,754 | 26,247,858 | 26,871,081 | 28,469,603 | 12,368,557 |
| Chemicals | 14,111,802 | 11,947,114 | 12,689,666 | 7,788,784 | 6,028,141 | 5,569,437 | 5,088,827 | 4,804,768 | 5,340,753 | 2,444,543 |
| Supplies and other expenses | 16,512,555 | 11,583,805 | 11,926,150 | 9,157,367 | 9,158,990 | 12,034,192 | 11,797,279 | 9,543,615 | 7,982,562 | 1,440,644 |
| Capital adjustment | - | - | - | - | - | 26,780 | - | - | - | - |
| Capital program allocation | (1,700,664) | (1,451,128) | (1,172,302) | (1,618,459) | (2,123,060) | (2,164,003) | (2,054,913) | (713,779) | (977,762) | - |
| Intergovernmental reimbursements | (4,934,473) | (5,404,975) | (3,385,540) | (1,813,535) | (2,554,511) | (696,952) | (6,425,729) | (9,615,146) | (11,603,019) | - |
| Centralized services | - | - | - | - | - | - | - | - | - | 18,494,851 |
| Administrative services | - | - | - | - | - | - | - | - | - | 3,191,929 |
| Depreciation | 94,928,085 | 110,557,350 | 126,485,762 | 123,196,027 | 123,271,541 | 127,183,228 | 140,571,120 | 143,991,815 | 144,137,912 | 71,295,545 |
| Amortization of intangible asset | 4,950,504 | 3,981,772 | 3,566,664 | 3,566,664 | 3,566,664 | 3,566,664 | 3,566,664 | 2,080,554 | - | - |
| Total Operating Expenses | 274,020,292 | 272,350,168 | 285,219,474 | 264,578,659 | 250,476,297 | 263,282,730 | 263,959,730 | 254,602,752 | 245,868,861 | 120,841,204 |
| **Operating Income** | 102,434,236 | 86,200,688 | 78,559,623 | 80,379,316 | 94,138,793 | 70,970,847 | 67,642,146 | 83,709,392 | 105,881,083 | 46,824,328 |
| **Nonoperating Revenues (Expenses)** | | | | | | | | | | |
| Earnings (loss) on investments | 22,277,144 | 27,287,141 | 16,724,485 | (2,361,396) | 768,918 | 13,744,774 | 14,754,401 | 6,129,530 | 1,832,918 | 392,031 |
| Interest on obligations receivable | 23,205,372 | 24,106,563 | 24,662,083 | 25,107,207 | 25,474,904 | 22,945,866 | 22,921,380 | 23,351,220 | 25,269,750 | 12,231,250 |
| Interest expense | (132,358,016) | (134,600,821) | (131,161,860) | (125,086,379) | (128,257,367) | (133,537,621) | (136,704,033) | (139,343,204) | (132,434,945) | (65,958,095) |
| Amortization of debt related items and COI | 18,629,609 | 7,047,178 | 14,577,852 | 15,610,434 | 15,988,278 | 14,258,569 | 10,771,937 | 13,837,585 | 2,403,018 | 2,418,891 |
| Legacy pension recovery (expense) | (1,084,873) | (2,402,938) | 7,443,572 | (4,988,132) | (8,075,457) | (7,220,716) | 6,014,441 | (8,933,691) | (2,516,776) | - |
| Water Residential Assistance Program | (1,626,102) | (2,937,520) | (5,023,436) | (1,049,908) | (593,206) | (1,393,179) | (855,455) | (1,506,554) | (884,327) | - |
| Other | (18,592) | (2,285,643) | 526,389 | 388,656 | (300,841) | 703,544 | (991,096) | (1,205,489) | 878,305 | - |
| Discontinued capital projects | - | - | (20,902,626) | - | - | - | - | - | - | - |
| Total Nonoperating Expenses | (70,975,458) | (83,786,040) | (93,153,541) | (92,379,518) | (94,994,771) | (90,498,763) | (84,088,425) | (107,670,603) | (105,452,057) | (50,915,923) |
| **Income (loss) before capital contributions and special item** | 31,458,778 | 2,414,648 | (14,593,918) | (12,000,202) | (855,978) | (19,527,916) | (16,446,279) | (23,961,211) | 429,026 | (4,091,595) |
| **Capital Contributions** | 3,348,636 | 10,313,987 | - | - | - | - | - | - | - | - |
| **Special Item - MOU with DWSD** | - | - | - | - | - | - | - | - | (32,811,581) | - |
| **Change in Net Position** | 34,807,414 | 12,728,635 | (14,593,918) | (12,000,202) | (855,978) | (19,527,916) | (16,446,279) | (23,961,211) | (32,382,555) | (4,091,595) |
| NET POSITION (DEFICIT), Beginning of Year | (111,131,019) | (123,859,654) | (109,265,736) | (97,265,534) | (96,409,556) | (76,881,640) | (60,435,361) | (36,474,150) | (4,091,595) | - |
| **NET POSITION (DEFICIT), END OF YEAR** | $ (76,323,605) | $ (111,131,019) | $ (123,859,654) | $ (109,265,736) | $ (97,265,534) | $ (96,409,556) | $ (76,881,640) | $ (60,435,361) | $ (36,474,150) | $ (4,091,595) |

* GLWA began operations on January 1, 2016. The data for FY 2016 relates to six months of activity through June 30, 2016.

**GREAT LAKES WATER AUTHORITY** Schedule 2b

CHANGES IN NET POSITION - SEWAGE DISPOSAL FUND

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* |
| **Operating Revenues** | | | | | | | | | | |
| Wholesale customer charges | $ 287,690,760 | $ 282,767,090 | $ 275,917,502 | $ 268,813,369 | $ 267,567,816 | $ 266,003,286 | $ 272,772,460 | $ 268,978,831 | $ 263,311,745 | $ 121,106,353 |
| Charges to local system | 205,924,800 | 196,569,600 | 191,042,200 | 188,662,200 | 187,959,700 | 185,807,300 | 181,159,300 | 178,969,200 | 187,304,100 | 95,826,900 |
| Industrial waste charges | 8,849,415 | 8,617,495 | 8,393,103 | 8,300,278 | 8,004,939 | 7,854,593 | 9,106,274 | 14,334,979 | 14,381,106 | 6,910,192 |
| Pollutant surcharges | 4,583,986 | 4,088,519 | 4,894,567 | 5,181,816 | 6,719,964 | 6,448,508 | 5,932,550 | 6,908,404 | 5,206,294 | 2,423,910 |
| Bad debt recovery (credit) | - | (15,556,900) | - | - | - | - | - | - | 35,065,030 | - |
| Other revenues | 564,619 | 494,425 | 1,660,020 | 429,491 | 501,121 | 521,957 | 506,323 | 4,391,145 | 538,807 | 4,197,614 |
| Total Operating Revenues | 507,613,580 | 476,980,229 | 481,907,392 | 471,387,154 | 470,753,540 | 466,635,644 | 469,476,907 | 473,582,559 | 505,807,082 | 230,464,969 |
| **Operating Expenses** | | | | | | | | | | |
| Personnel | 76,834,951 | 71,050,649 | 65,952,676 | 62,160,768 | 63,055,636 | 60,320,195 | 56,503,053 | 53,680,162 | 47,894,911 | 13,289,741 |
| Contractual services | 70,207,207 | 62,107,939 | 64,129,786 | 63,410,109 | 62,913,214 | 63,350,953 | 58,660,680 | 64,082,761 | 55,878,440 | 13,875,756 |
| Utilities | 36,184,430 | 39,243,251 | 43,839,991 | 30,930,459 | 23,921,428 | 23,432,981 | 25,147,527 | 26,823,299 | 27,191,866 | 12,668,942 |
| Chemicals | 20,273,321 | 19,128,291 | 17,852,397 | 12,593,379 | 7,953,995 | 8,672,406 | 8,187,033 | 8,073,045 | 9,424,428 | 4,006,941 |
| Supplies and other expenses | 27,404,987 | 30,509,642 | 22,645,561 | 19,911,985 | 21,938,081 | 23,393,081 | 25,323,636 | 24,982,773 | 12,180,128 | 16,462,711 |
| Capital adjustment | - | - | - | - | - | - | 2,258,351 | - | - | - |
| Capital program allocation | (1,199,916) | (1,396,306) | (1,017,340) | (1,013,677) | (1,068,749) | (1,183,398) | (1,325,842) | (969,671) | (1,150,316) | - |
| Intergovernmental reimbursements | (1,729,050) | (1,697,112) | (1,746,945) | (1,074,346) | (612,181) | (1,036,758) | (713,633) | (292,965) | (101,191) | - |
| Centralized services | - | - | - | - | - | - | - | - | - | 16,733,431 |
| Administrative services | - | - | - | - | - | - | - | - | - | 7,342,499 |
| Depreciation | 147,559,403 | 154,486,270 | 163,470,838 | 158,013,629 | 150,772,065 | 152,920,967 | 168,544,370 | 187,250,583 | 185,628,465 | 86,021,029 |
| Amortization of intangible assets | 1,823,544 | 854,812 | 439,704 | 439,704 | 109,926 | - | - | - | - | - |
| Total Operating Expenses | 377,358,877 | 374,287,436 | 375,566,668 | 345,372,010 | 328,983,415 | 329,870,427 | 342,585,175 | 363,629,987 | 336,946,731 | 170,401,050 |
| **Operating Income** | 130,254,703 | 102,692,793 | 106,340,724 | 126,015,144 | 141,770,125 | 136,765,217 | 126,891,732 | 109,952,572 | 168,860,351 | 60,063,919 |
| **Nonoperating Revenues (Expenses)** | | | | | | | | | | |
| Earnings (loss) on investments | 26,517,724 | 34,566,226 | 20,877,345 | (3,022,882) | 490,706 | 11,671,932 | 11,763,401 | 5,266,255 | 2,209,872 | 1,089,367 |
| Interest on obligations receivable | 15,086,077 | 15,748,345 | 16,397,278 | 17,157,558 | 18,247,607 | 19,489,018 | 18,856,322 | 15,505,300 | 17,062,678 | 8,831,250 |
| Interest expense | (139,148,552) | (144,356,792) | (140,129,194) | (131,110,125) | (135,227,647) | (155,410,235) | (159,893,300) | (161,052,102) | (159,157,152) | (82,489,347) |
| Amortization of debt related items and COI | 7,305,898 | (11,202,157) | (10,579,542) | (2,292,419) | (3,022,639) | (3,956,009) | (6,776,707) | (5,153,300) | (17,340,200) | (363,167) |
| Legacy pension recovery (expense) | (1,941,578) | (4,300,495) | 13,321,630 | (8,927,171) | (14,452,504) | (12,922,789) | 10,763,940 | (15,988,471) | (4,504,230) | - |
| Water Residential Assistance Program | (2,202,336) | (3,834,918) | (7,319,076) | (1,742,929) | (924,247) | (1,921,938) | (1,168,664) | (2,248,980) | (1,243,006) | - |
| Other | 18,058,628 | 8,997,356 | 1,225,939 | (234,915) | (540,045) | (900,162) | 466,898 | 1,760,166 | (498,896) | 275,693 |
| Sewer lookback - MOU adjustment | - | - | - | - | - | - | (6,527,200) | - | - | - |
| Total Nonoperating Expenses | (76,324,139) | (104,382,435) | (106,205,620) | (130,172,883) | (135,428,769) | (143,950,183) | (132,515,310) | (161,911,132) | (163,470,934) | (72,656,204) |
| **Income (loss) before capital contributions and special item** | 53,930,564 | (1,689,642) | 135,104 | (4,157,739) | 6,341,356 | (7,184,966) | (5,623,578) | (51,958,560) | 5,389,417 | (12,592,285) |
| **Capital Contributions** | 37,344,138 | 30,118,252 | 2,176,000 | 6,991,039 | 5,960,000 | 5,960,000 | - | - | 320,707 | 2,000,000 |
| **Special Item - MOU with DWSD** | - | - | - | - | - | - | - | - | (61,478,682) | - |
| **Change in Net Position** | 91,274,702 | 28,428,610 | 2,311,104 | 2,833,300 | 12,301,356 | (1,224,966) | (5,623,578) | (51,958,560) | (55,768,558) | (10,592,285) |
| NET POSITION (DEFICIT), Beginning of Year | (79,293,577) | (107,722,187) | (110,033,291) | (112,866,591) | (125,167,947) | (123,942,981) | (118,319,403) | (66,360,843) | (10,592,285) | - |
| **NET POSITION (DEFICIT), END OF YEAR** | $ 11,981,125 | $ (79,293,577) | $ (107,722,187) | $ (110,033,291) | $ (112,866,591) | $ (125,167,947) | $ (123,942,981) | $ (118,319,403) | $ (66,360,843) | $ (10,592,285) |

* GLWA began operations on January 1, 2016. The data for FY 2016 relates to six months of activity through June 30, 2016.

# REVENUE CAPACITY

Revenue capacity information is intended to show the factors affecting the Authority's ability to generate its own-source revenue.

## GREAT LAKES WATER AUTHORITY



CHARGE ADJUSTMENTS

As Originally Adopted by the Board of Directors

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 [5] |
| **Water Fund** | | | | | | | | | | |
| Budgeted revenue requirement [1] | $ 385,127,100 | $ 370,314,500 | $ 356,071,600 | $ 344,030,500 | $ 341,642,000 | $ 339,664,200 | $ 331,400,500 | $ 328,119,300 | $ 331,213,200 | $ 318,474,200 |
| Percent change in budgeted revenue requirement | 4.0% | 4.0% | 3.5% | 0.7% | 0.6% | 2.5% | 1.0% | -0.9% | 4.0% | 4.0% |
| Average annual charge adjustment [2] | | | | | | | | | | |
| Total regional system | 3.25% | 2.75% | 3.7% | 1.5% | 3.2% | 0.6% | 1.8% | 1.8% | 4.5% | n/a [6] |
| Suburban wholesale | 3.0% | 2.1% | 3.5% | 1.9% | 3.1% | 0.3% | 0.2% | 2.0% | 3.4% | 11.3% |
| Local system charge [3] | 3.4% | 6.2% | 3.0% | -2.0% | 3.0% | 2.7% | 14.1% | -1.0% | 11.6% | n/a [6] |
| Number of wholesale water customers [4] | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 88 | 85 |
| **Sewage Disposal Fund** | | | | | | | | | | |
| Budgeted revenue requirement [1] | $ 520,652,100 | $ 500,627,000 | $ 481,372,100 | $ 475,429,200 | $ 486,751,300 | $ 480,605,300 | $ 470,156,000 | $ 465,500,100 | $ 464,078,500 | $ 446,229,300 |
| Percent change in budgeted revenue requirement | 4.0% | 4.0% | 1.3% | -2.3% | 1.3% | 2.2% | 1.0% | 0.3% | 4.0% | 4.0% |
| Average annual charge adjustment [2] | | | | | | | | | | |
| Total regional system | 3.0% | 2.75% | 2.4% | -0.6% | 2.0% | 0.8% | 0.1% | -0.7% | 8.3% | n/a [6] |
| Suburban wholesale | 1.7% | 2.6% | 3.2% | -0.1% | 1.7% | -0.1% | 1.3% | 1.8% | 4.9% | -1.1% |
| Local system charge [3] | 4.6% | 2.8% | 1.2% | -0.7% | 2.3% | 2.5% | 1.2% | -4.2% | 13.9% | n/a [6] |
| Number of wholesale sewer customers [4] | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 21 |

[1] This is the revenue requirements in the original adopted budget for the fiscal year which is used in the calculation of charges. The revenue requirement represents the funding requirements which are defined in the Master Bond Ordinance.

[2] Average annual charge adjustment percentages is the required charge adjustment required when calculating revenue with the prior year existing charges, usage projections and any other specific individual contract requirements. For the sewage disposal system, this also includes the bad debt adjustment.

[3] Represents the annual change in the local system charges to the Detroit customer class before the annual credit of $20.7 million for water and $5.5 million for sewer. Does not include any lookback charges in the percentage increase/decrease calculation. Does not include any Detroit local system operating costs or charges included in the Detroit retail rate. Also does not include any impact of Detroit's use of the regional system lease payment to finance allocated debt service obligations.

[4] Does not include the City of Detroit. The water system includes one emergency basis contract.

[5] GLWA began operations on January 1, 2016. Amounts in this column are based on annual budget of Detroit Water and Sewage Department for FY 2016 which was the basis for the revenue requirement for the six months of operations of GLWA.

[6] Due to the establishment of the Authority and DWSD as separate entities during FY 2016, this information is not applicable.

Source: Great Lakes Water Authority Financial Services Area and the Foster Group

## GREAT LAKES WATER AUTHORITY

Schedule 4a

WATER FUND OPERATING REVENUES/ LARGEST WATER CUSTOMERS

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* |
| **Operating Revenues** | | | | | | | | | | |
| Wholesale charges [1] | $ 348,976,278 | $ 337,511,167 | $ 340,593,806 | $ 323,026,213 | $ 322,423,768 | $ 312,701,777 | $ 311,399,136 | $ 323,117,344 | $ 331,115,131 | $ 160,777,169 |
| Charges to local system | 27,094,800 | 25,537,200 | 22,834,300 | 21,697,300 | 21,925,500 | 21,295,500 | 20,181,400 | 15,130,600 | 15,490,300 | 6,833,500 |
| Bad debt recovery | - | (5,152,500) | - | - | - | - | - | - | 5,107,125 | - |
| Other revenue | 383,450 | 654,989 | 350,991 | 234,462 | 265,822 | 256,300 | 21,340 | 64,200 | 37,388 | 54,863 |
| Total Operating Revenues | $ 376,454,528 | $ 358,550,856 | $ 363,779,097 | $ 344,957,975 | $ 344,615,090 | $ 334,253,577 | $ 331,601,876 | $ 338,312,144 | $ 351,749,944 | $ 167,665,532 |
| Wholesale charges % of total operating revenue | 92.70% | 94.13% | 93.63% | 93.64% | 93.56% | 93.55% | 93.91% | 95.51% | 94.13% | 95.89% |
| Charges to local system % of total operating revenue | 7.20% | 7.12% | 6.28% | 6.29% | 6.36% | 6.37% | 6.09% | 4.47% | 4.40% | 4.08% |
| **Ten Largest Wholesale Member Partners** | | | | | | | | | | |
| Southeast Oakland County Water Authority | $ 27,103,796 | $ 25,731,006 | $ 25,534,464 | $ 24,035,255 | $ 23,722,602 | $ 23,089,967 | $ 23,311,743 | $ 23,118,160 | $ 22,434,129 | $ 11,160,701 |
| North Oakland County Water Authority | 25,549,125 | 24,349,266 | 24,485,805 | 22,798,372 | 22,667,931 | 22,293,795 | 23,464,096 | 23,365,866 | 22,913,261 | 11,105,152 |
| Sterling Heights | 16,867,238 | 16,267,123 | 16,661,863 | 16,235,356 | 16,375,729 | 15,242,912 | 14,644,368 | 15,571,146 | 15,480,008 | 7,155,303 |
| Troy | 15,660,704 | 14,999,893 | 14,538,261 | 13,811,983 | 14,324,990 | 13,607,770 | 13,700,093 | 13,842,135 | 13,939,815 | 6,058,667 |
| Macomb Township | 14,690,426 | 13,745,227 | 14,279,105 | 13,065,395 | 13,388,385 | 12,870,377 | 11,063,225 | 11,167,739 | 10,945,117 | - |
| Livonia | 13,307,416 | 12,755,400 | 12,383,989 | 11,860,410 | 11,806,151 | 11,553,730 | 14,001,058 | 13,669,376 | 13,483,657 | 6,223,290 |
| Shelby Township | 13,104,301 | 12,064,807 | 16,043,316 | 14,885,135 | 15,690,553 | 14,482,451 | 13,719,053 | 13,554,398 | 13,462,808 | 6,114,243 |
| West Bloomfield Township | 12,242,629 | 11,697,907 | 11,824,605 | 11,229,363 | 11,010,166 | - | 10,733,617 | - | - | - |
| Canton Township | 12,139,426 | 11,591,745 | 11,802,563 | - | 10,919,607 | 10,491,407 | - | 13,334,615 | 13,872,584 | 6,032,404 |
| Ypsilanti Community Utilities Authority | 11,738,411 | 11,492,791 | 11,464,455 | 11,059,703 | - | 10,450,861 | - | 11,038,134 | - | - |
| Warren | - | - | - | 10,940,909 | - | - | 10,648,162 | - | - | - |
| Flint [2] | - | - | - | - | 10,980,526 | 10,325,345 | 11,604,504 | 12,235,483 | 13,256,330 | 6,738,009 |
| Genesee County Drain Commission [3] | - | - | - | - | - | - | - | - | 18,493,530 | 8,593,304 |
| Novi | - | - | - | - | - | - | - | - | - | 5,595,031 |
| Total Revenue Ten Largest Wholesale Member Partners | $ 162,403,472 | $ 154,695,165 | $ 159,018,426 | $ 149,921,881 | $ 150,886,640 | $ 144,408,615 | $ 146,889,919 | $ 150,897,052 | $ 158,281,239 | $ 74,776,104 |
| Ten largest wholesale member partners % of total operating revenues | 43.14% | 43.14% | 43.71% | 43.46% | 43.78% | 43.20% | 44.30% | 44.60% | 45.00% | 44.60% |

[1] Net of bad debt expense.

[2] Represents billed revenues to Flint prior to the KWA debt service credit.

[3] Genesee County Drain Commission changed service providers in December 2017 and has contracted GLWA for as needed emergency water service.

* GLWA began operations on January 1, 2016. The data for 2016 is for the six months of activity through June 30, 2016.

Schedule 4b

## GREAT LAKES WATER AUTHORITY

### SEWAGE DISPOSAL FUND OPERATING REVENUES/ LARGEST SEWER CUSTOMERS

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* |
| **Operating Revenues** | | | | | | | | | | |
| Wholesale charges [1] | $ 287,690,760 | $ 282,767,090 | $ 275,917,502 | $ 268,813,369 | $ 267,567,816 | $ 266,003,286 | $ 272,772,460 | $ 268,978,831 | $ 263,311,745 | $ 121,106,353 |
| Charges to local system | 205,924,800 | 196,569,600 | 191,042,200 | 188,662,200 | 187,959,700 | 185,807,300 | 181,159,300 | 178,969,200 | 187,304,100 | 95,826,900 |
| Industrial waste and surcharges | 13,433,401 | 12,706,014 | 13,287,670 | 13,482,094 | 14,724,903 | 14,303,101 | 15,038,824 | 21,243,383 | 19,587,400 | 9,334,102 |
| Bad debt recovery | - | (15,556,900) | - | - | - | - | - | - | 35,065,030 | - |
| Other revenue | 564,619 | 494,425 | 1,660,020 | 429,491 | 501,121 | 521,957 | 506,323 | 4,391,145 | 538,807 | 4,197,614 |
| Total Operating Revenues | $ 507,613,580 | $ 476,980,229 | $ 481,907,392 | $ 471,387,154 | $ 470,753,540 | $ 466,635,644 | $ 469,476,907 | $ 473,582,559 | $ 505,807,082 | $ 230,464,969 |
| Wholesale charges % of total operating revenue | 56.68% | 59.28% | 57.26% | 57.03% | 56.84% | 57.00% | 58.10% | 56.80% | 52.06% | 52.55% |
| Charges to local system % of total operating revenue | 40.57% | 41.21% | 39.64% | 40.02% | 39.93% | 39.82% | 38.59% | 37.79% | 37.03% | 41.58% |
| **Ten Largest Wholesale Member Partners** | | | | | | | | | | |
| Oakland-Macomb Interceptor Drainage District | $ 75,132,031 | $ 69,631,257 | $ 71,614,874 | $ 70,683,993 | $ 70,355,029 | $ 69,870,786 | $ 77,533,200 | $ 72,816,000 | $ 69,627,600 | $ 34,541,400 |
| Wayne County - Rouge Valley | 57,848,400 | 54,168,200 | 55,930,800 | 55,267,200 | 54,536,400 | 54,162,000 | 53,761,200 | 55,022,400 | 55,486,800 | 25,901,400 |
| Oakland County - George W Kuhn Drainage District | 48,309,600 | 44,764,100 | 46,377,600 | 45,828,000 | 45,558,000 | 45,264,000 | 44,972,400 | 45,751,200 | 45,682,800 | 21,410,400 |
| Evergreen Farmington | 37,912,800 | 35,207,600 | 36,195,600 | 35,766,000 | 35,084,400 | 34,839,600 | 34,578,000 | 33,733,200 | 32,179,200 | 15,094,200 |
| Southeast Macomb Sanitary District | 26,100,000 | 24,215,100 | 25,070,400 | 24,772,800 | 25,000,800 | 24,837,600 | 24,672,000 | 24,637,200 | 24,120,000 | 11,501,400 |
| Dearborn | 21,496,800 | 19,625,600 | 20,299,200 | 20,058,000 | 19,628,400 | 19,502,400 | 19,372,800 | 19,628,400 | 19,603,200 | 8,049,000 |
| Highland Park | 4,850,400 | 5,382,785 | 5,420,400 | 5,356,800 | 5,708,400 | 5,670,000 | 5,614,800 | 5,642,400 | 5,818,800 | 2,808,600 |
| Hamtramck | 4,497,600 | 3,878,900 | 4,041,600 | 3,993,600 | 4,019,400 | 3,994,800 | 3,962,400 | 3,958,800 | 4,086,000 | 1,966,800 |
| Grosse Pointe Farms | 2,790,000 | 2,659,700 | 2,748,000 | 2,715,600 | 2,769,000 | 2,750,400 | 2,727,600 | 2,696,400 | 2,667,600 | 1,243,800 |
| Grosse Pointe Park | 1,990,800 | 1,849,800 | 1,904,400 | 1,882,800 | 1,824,000 | 1,812,000 | 1,801,200 | 1,740,000 | 1,626,000 | 746,400 |
| Total Revenue Ten Largest Wholesale Member Partners | $ 280,928,431 | $ 261,383,042 | $ 269,602,874 | $ 266,324,793 | $ 264,483,829 | $ 262,703,586 | $ 268,995,600 | $ 265,626,000 | $ 260,898,000 | $ 123,263,400 |
| Ten largest wholesale member partners % of total operating revenues | 55.34% | 54.80% | 55.94% | 56.50% | 56.18% | 56.30% | 57.30% | 56.09% | 51.58% | 53.48% |

[1] Net of bad debt expense.

* GLWA began operations on January 1, 2016. The data for 2016 is for the six months of activity through June 30, 2016.

# GREAT LAKES WATER AUTHORITY

## WATER SYSTEM SERVICE CHARGES*

| Community Name | Fixed Monthly Charge | Commodity $/Mcf | Community Name | Fixed Monthly Charge | Commodity $/Mcf |
|---|---|---|---|---|---|
| Allen Park | $ 134,600 | $ 9.22 | Macomb Township | $ 715,200 | $ 17.35 |
| Almont, Village of | 13,600 | 12.04 | Madison Heights | 121,900 | 7.81 |
| Ash Township | 48,100 | 9.95 | Mayfield Township | 2,900 | 45.69 |
| Belleville | 18,300 | 10.47 | Melvindale | 38,200 | 6.72 |
| Berlin Township | 40,400 | 11.90 | New Haven, Village of | 25,300 | 10.46 |
| Brownstown Township | 215,700 | 12.41 | North Oakland County Water Authority | 1,284,700 | 11.82 |
| Bruce Township | 18,100 | 47.00 | Northville, City | 45,300 | 12.07 |
| Burtchville Township | 22,500 | 19.87 | Northville Township | 316,100 | 18.70 |
| Canton Township | 595,700 | 12.71 | Novi | 532,100 | 14.26 |
| Center Line | 27,900 | 6.94 | Oak Park | 81,700 | 7.27 |
| Chesterfield Township | 252,400 | 11.20 | Oakland County Drain Commission | 5,300 | 4.57 |
| Clinton Township | 437,400 | 9.09 | Plymouth, City | 64,200 | 11.58 |
| Commerce Township | 198,300 | 15.25 | Plymouth Township | 260,800 | 13.33 |
| Dearborn | 559,500 | 8.28 | Redford Township | 173,000 | 8.94 |
| Dearborn Heights | 217,000 | 8.88 | River Rouge | 29,800 | 6.38 |
| Eastpointe | 93,200 | 7.26 | Riverview | 51,100 | 8.86 |
| Ecorse | 65,400 | 6.39 | Rockwood | 14,500 | 12.17 |
| Farmington | 57,100 | 10.34 | Romeo | 10,300 | 26.58 |
| Farmington Hills | 514,900 | 11.76 | Romulus | 216,700 | 8.41 |
| Ferndale | 61,400 | 7.62 | Roseville | 150,400 | 7.00 |
| Flat Rock | 81,500 | 12.82 | Royal Oak Township | 12,200 | 9.57 |
| Flint (1) | 582,300 | 11.21 | Shelby Township | 651,700 | 12.57 |
| Fraser | 72,700 | 10.30 | Southeastern Oakland County Water Authority | 1,376,500 | 8.92 |
| Garden City | 98,300 | 10.80 | South Rockwood | 6,900 | 11.52 |
| Gibraltar | 19,600 | 9.77 | Southgate | 120,600 | 8.47 |
| Greenwood Township (DTE) | 70,200 | 21.55 | St. Clair Shores | 182,900 | 7.34 |
| Grosse Ile Township | 67,700 | 12.97 | Sterling Heights | 863,600 | 11.76 |
| Grosse Pointe Park | 77,400 | 11.75 | Sumpter Township | 41,900 | 9.91 |
| Grosse Pointe Shores | 35,300 | 14.89 | Sylvan Lake | 13,700 | 16.22 |
| Grosse Pointe Woods | 75,100 | 8.83 | Taylor | 267,600 | 8.10 |
| Hamtramck | 48,000 | 6.18 | Trenton | 103,400 | 9.96 |
| Harper Woods | 51,500 | 7.66 | Troy | 796,200 | 14.64 |
| Harrison Township | 97,400 | 7.98 | Utica | 34,300 | 11.59 |
| Hazel Park | 44,000 | 7.33 | Van Buren Township | 200,800 | 12.15 |
| Highland Park | 49,100 | 5.09 | Walled Lake | 46,300 | 12.76 |
| Huron Township | 88,400 | 10.78 | Warren | 559,600 | 7.19 |
| Imlay City | 87,300 | 14.82 | Washington Township | 136,700 | 12.69 |
| Imlay Township | 600 | 450.00 | Wayne | 104,700 | 8.24 |
| Inkster | 76,600 | 6.08 | West Bloomfield Township | 619,900 | 17.84 |
| Keego Harbor | 17,400 | 14.30 | Westland | 356,000 | 8.90 |
| Lapeer | 91,100 | 13.24 | Wixom | 144,000 | 15.09 |
| Lenox Township | 18,100 | 9.79 | Woodhaven | 86,100 | 12.16 |
| Lincoln Park | 133,400 | 6.21 | Ypsilanti Community Utilities Authority | 606,400 | 9.94 |
| Livonia | 674,500 | 11.89 | | | |

Annual Detroit Wholesale Revenue Requirement $25,537,200

* Water charges went into effect July 1, 2024.

(1) Flint receives a monthly credit of $554,300 related to KWA debt service in accordance with service agreements.

# GREAT LAKES WATER AUTHORITY

Schedule 6

SEWAGE DISPOSAL SYSTEM SERVICE CHARGES*

| Community Name | Fixed Monthly Charge |
|---|---|
| Oakland-Macomb Interceptor District (OMID) | $ 6,242,500 |
| Rouge Valley | 4,820,700 |
| Oakland County - George W. Kuhn (GWK) | 4,025,800 |
| Evergreen Farmington | 3,159,400 |
| SE Macomb Sanitary District | 2,175,000 |
| Dearborn | 1,791,400 |
| Grosse Pointe Farms | 232,500 |
| Grosse Pointe Park | 165,900 |
| Melvindale | 137,100 |
| Farmington | 104,500 |
| Center Line | 91,500 |
| Allen Park | 73,600 |
| Highland Park | 102,200 |
| Hamtramck | 415,100 |
| Grosse Pointe | 374,800 |
| Harper Woods | 14,200 |
| Redford Township | 29,400 |
| Wayne County #3 | 4,200 |

Annual Detroit Wholesale Revenue Requirement $205,924,800

* Wholesale charges went into effect July 1, 2024.

# GREAT LAKES WATER AUTHORITY

Schedule 7

INDUSTRIAL WASTE CONTROL CHARGES AND POLLUTANT SURCHARGES
EFFECTIVE JULY 1, 2024

**Industrial Waste Control Charges**

| Meter size (inches) | Admin Only Charge (1) | Full Monthly Charge (2) |
|---|---|---|
| 5/8 | $ 0.93 | $ 3.72 |
| 3/4 | $ 1.40 | $ 5.58 |
| 1 | $ 2.33 | $ 9.30 |
| 1 1/2 | $ 5.12 | $ 20.46 |
| 2 | $ 7.44 | $ 29.76 |
| 3 | $ 13.49 | $ 53.94 |
| 4 | $ 18.60 | $ 74.40 |
| 6 | $ 27.90 | $ 111.60 |
| 8 | $ 46.50 | $ 186.00 |
| 10 | $ 65.10 | $ 260.40 |
| 12 | $ 74.40 | $ 297.60 |
| 14 | $ 93.00 | $ 372.00 |
| 16 | $ 111.60 | $ 446.40 |
| 18 | $ 130.20 | $ 520.80 |
| 20 | $ 148.80 | $ 595.20 |
| 24 | $ 167.40 | $ 669.60 |
| 30 | $ 186.00 | $ 744.00 |
| 36 | $ 204.60 | $ 818.40 |
| 48 | $ 223.20 | $ 892.80 |

(1) Administration only charge is applicable to member partners that are within a geographical area defined in a specific agreement.

(2) Includes both administration and field work components charges for all other member partners.

**Pollutant Surcharges**

| Pollutant | | Charge per Pound |
|---|---|---|
| Biochemical Oxygen Demand (BOD) | for concentrations > 275 mg/l | $ 0.392 |
| Total Suspended Solids (TSS) | for concentrations > 350 mg/l | $ 0.525 |
| Phosphorus (P) | for concentrations > 12 mg/l | $ 7.571 |
| Fats, Oil and Grease (FOG) | for concentrations > 100 mg/l | $ 0.125 |
| Septage Disposal Fee | per 500 gallons of disposal | $ 38.00 |

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# DEBT CAPACITY

Debt capacity information is intended to show the Authority's debt burden and its ability to issue additional debt.

## GREAT LAKES WATER AUTHORITY

Schedule 8

RATIOS OF OUTSTANDING DEBT BY TYPE

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| **Water Fund** | | | | | | | | | | |
| Revenue bonds [1] | $ 2,606,936,594 | $ 2,498,464,120 | $ 2,447,181,498 | $ 2,289,900,079 | $ 2,368,632,473 | $ 2,453,471,088 | $ 2,466,561,092 | $ 2,540,663,196 | $ 2,612,607,101 | $ 2,507,091,038 |
| State revolving loans | 285,767,618 | 241,020,620 | 207,356,808 | 109,429,462 | 71,259,601 | 39,318,264 | 29,860,802 | 25,435,902 | 17,252,235 | 17,383,761 |
| Raw water rights obligation | 86,466,160 | 89,552,155 | 92,515,774 | 95,361,056 | 98,095,302 | 100,720,122 | 103,241,119 | 106,240,576 | - | - |
| BC Note obligation | 15,121,527 | 16,124,187 | 16,338,339 | 16,542,293 | 16,736,535 | 16,921,526 | 17,097,709 | 17,265,503 | 17,425,306 | 17,577,499 |
| Total Water Fund | $ 2,994,291,899 | $ 2,845,161,082 | $ 2,763,392,419 | $ 2,511,232,890 | $ 2,554,723,911 | $ 2,610,431,000 | $ 2,616,760,722 | $ 2,689,605,177 | $ 2,647,284,642 | $ 2,542,052,298 |
| **Sewage Disposal Fund** | | | | | | | | | | |
| Revenue bonds [1] | $ 2,527,618,834 | $ 2,606,141,911 | $ 2,636,761,869 | $ 2,498,387,185 | $ 2,577,642,399 | $ 2,643,788,368 | $ 2,764,196,915 | $ 2,739,090,653 | $ 2,797,168,264 | $ 2,922,089,599 |
| Capital appreciation bonds [1] | - | - | - | - | 5,504,069 | 10,667,560 | 13,377,972 | 14,984,042 | 19,501,737 | 19,668,138 |
| State revolving loans | 350,797,556 | 336,808,208 | 349,919,118 | 379,648,216 | 416,767,850 | 449,666,531 | 474,177,128 | 475,677,540 | 485,267,036 | 506,435,742 |
| BC Note obligation | 34,013,118 | 36,268,418 | 36,750,112 | 37,208,869 | 37,645,780 | 38,061,886 | 38,458,177 | 38,835,597 | 39,195,045 | 39,537,376 |
| Lease payable-Warehouse | 3,086,605 | 3,501,324 | 3,891,394 | 4,258,178 | 4,447,297 | - | - | - | - | - |
| Total Sewage Disposal Fund | $ 2,915,516,113 | $ 2,982,719,861 | $ 3,027,322,493 | $ 2,919,502,448 | $ 3,042,007,395 | $ 3,142,184,345 | $ 3,290,210,192 | $ 3,268,587,832 | $ 3,341,132,082 | $ 3,487,730,855 |
| Total taxable value [2] | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Total population served [3]: | | | | | | | | | | |
| Water | 3,800,000 | 3,800,000 | 3,800,000 | 3,800,000 | 3,800,000 | 3,800,000 | 3,800,000 | 3,800,000 | 3,800,000 | 3,800,000 |
| Sewage disposal | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 | 2,800,000 |
| Total debt per capita: | | | | | | | | | | |
| Water | $ 788 | $ 749 | $ 727 | $ 661 | $ 672 | $ 687 | $ 689 | $ 708 | $ 697 | $ 669 |
| Sewage disposal | $ 1,041 | $ 1,065 | $ 1,081 | $ 1,043 | $ 1,086 | $ 1,122 | $ 1,175 | $ 1,167 | $ 1,193 | $ 1,246 |
| Per capita income [4] | $ 72,114 | $ 63,794 | $ 60,837 | $ 61,322 | $ 60,488 | $ 56,901 | $ 52,855 | $ 51,429 | $ 49,309 | $ 48,092 |
| Total debt as a percentage of income: | | | | | | | | | | |
| Water | 1.09% | 1.17% | 1.19% | 1.08% | 1.11% | 1.21% | 1.30% | 1.38% | 1.41% | 1.39% |
| Sewage disposal | 1.44% | 1.67% | 1.78% | 1.70% | 1.80% | 1.97% | 2.22% | 2.27% | 2.42% | 2.59% |

[1] Amounts are reported net of premiums and discounts.

[2] GLWA is not authorized to levy property taxes; therefore, presentation of taxable values and the ratio of total debt to taxable value is not applicable.

[3] Source: Estimated based on data from Southeast Michigan Council of Governments (SEMCOG).

[4] Source: FRED Economic Data, St. Louis Fed and Michigan State University Center for Economic Analysis. (Prior year amounts have changed to match revised data from sources).

Note: The Regional System Leases are not included in this schedule. As described in Note 1 the leases are not considered a lease as defined by GASB Statement No.87, Leases. The lease is a unique arrangement, GLWA makes the lease payment to the DWSD local system while DWSD also pays for a portion of the lease as part of water and sewer charges to the Authority for services provided. The benefit of the lease payment to DWSD stays within the population served although it is not spread the same as the payment. Including the lease would not result in a true picture of the debt per capita as the lease payment also benefits the population served.

Further details regarding the Authority's debt can be found in the notes to the financial statements.

# GREAT LAKES WATER AUTHORITY

DEBT BY LIEN

As of June 30, 2025

Continued on Next Page

| | Original Principal Amount [1] | Outstanding as of June 30, 2025 |
|---|---|---|
| **Water Supply System Revenue Bonds** | | |
| Senior Lien Bonds | | |
| Water Supply System Revenue Senior Lien Bonds, Series 2003A | $ 234,805,000 | $ 100,000 |
| Water Supply System Revenue Senior Lien Bonds, Series 2005B | 194,900,000 | 100,000 |
| Water Supply System Revenue Senior Lien Bonds, Series 2006A | 280,000,000 | 100,000 |
| Water Supply System Revenue Senior Lien Bonds, Series 2016A | 88,000,000 | 87,980,000 |
| Water Supply System Revenue Refunding Senior Lien Bonds, Series 2016C | 443,930,000 | 223,625,000 |
| Water Supply System Revenue Senior Lien Bonds, Series 2020A | 42,445,000 | 41,615,000 |
| Water Supply System Revenue Refunding Senior Lien Bonds, Series 2020C | 377,515,000 | 251,905,000 |
| Water Supply System Revenue Senior Lien Bonds, Series 2022A | 137,470,000 | 137,470,000 |
| Water Supply System Revenue Refunding Senior Lien Bonds, Series 2023A | 67,210,000 | 67,210,000 |
| Water Supply System Revenue Senior Lien Bonds, Series 2023B | 148,535,000 | 148,535,000 |
| Water Supply System Revenue Refunding Senior Lien Bonds, Series 2024A | 348,175,000 | 348,175,000 |
| Water Supply System Revenue Refunding Senior Lien Bonds, Series 2025A | 254,725,000 | 254,725,000 |
| Water Supply System Revenue Refunding Senior Lien Bonds, Series 2025C | 109,830,000 | 109,830,000 |
| Total Senior Lien Bonds | 2,727,540,000 | 1,671,370,000 |
| Second Lien Bonds | | |
| Water Supply System Revenue Second Lien Bonds, Series 2003B | 172,945,000 | 100,000 |
| Water Supply System Revenue Second Lien Bonds, Series 2006B | 120,000,000 | 100,000 |
| Water Supply System Revenue Second Lien Bonds, Series 2016B | 163,830,000 | 163,810,000 |
| Water Supply System Revenue Refunding Second Lien Bonds, Series 2016D | 222,045,000 | 198,495,000 |
| Water Supply System Revenue Refunding Second Lien Bonds, Series 2018A | 155,595,000 | 82,150,000 |
| Water Supply System Revenue Second Lien Bonds, Series 2020B | 43,135,000 | 42,295,000 |
| Water Supply System Revenue Second Lien Bonds, Series 2022B | 69,745,000 | 69,745,000 |
| Water Supply System Revenue Refunding Second Lien Bonds, Series 2024B | 35,930,000 | 35,930,000 |
| Water Supply System Revenue Refunding Second Lien Bonds, Series 2025B | 54,530,000 | 54,530,000 |
| Water Supply System Revenue Refunding Second Lien Bonds, Series 2025D | 109,135,000 | 109,135,000 |
| Total Second Lien Bonds | 1,146,890,000 | 756,290,000 |
| SRF Junior Lien Bonds | | |
| Water Supply System Revenue Bonds, Series 2005 SRF-1 | 13,805,164 | 1,595,164 |
| Water Supply System Revenue Bonds, Series 2005 SRF-2 | 8,891,730 | 1,006,730 |
| Water Supply System Revenue Bonds, Series 2006 SRF-1 | 5,180,926 | 590,926 |
| Water Supply System Revenue Bonds, Series 2008 SRF-1 | 2,590,941 | 445,941 |
| Water Supply System Revenue Bonds, Series 2016 SRF-1 | 8,273,168 | 6,828,169 |
| Water Supply System Revenue Bonds, Series 2016 SRF-2 | 3,393,543 | 2,793,543 |
| Water Supply System Revenue Bonds, Series 2017 SRF-1 | 5,807,931 | 4,872,931 |
| Water Supply System Revenue Bonds, Series 2019 SRF-1 | 8,330,000 | 6,915,000 |
| Water Supply System Revenue Bonds, Series 2019 SRF-2 | 29,078,820 | 25,362,219 |
| Water Supply System Revenue Bonds, Series 2019 SRF-3 | 11,117,931 | 9,954,875 |
| Water Supply System Revenue Bonds, Series 2020 SRF-1 | 20,018,660 | 18,732,466 |
| Water Supply System Revenue Bonds, Series 2020 SRF-2 | 7,159,988 | 6,414,988 |
| Water Supply System Revenue Bonds, Series 2020 SRF-3 | 8,960,000 | 7,440,000 |
| Water Supply System Revenue Bonds, Series 2020 SRF-4 | 10,764,020 | 10,240,897 |
| Water Supply System Revenue Bonds, Series 2021 SRF-1 | 11,940,000 | 3,714,249 |
| Water Supply System Revenue Bonds, Series 2021 SRF-2 | 104,725,000 | 96,068,498 |
| Water Supply System Revenue Bonds, Series 2021 SRF-3 | 10,425,197 | 10,150,877 |
| Water Supply System Revenue Bonds, Series 2022 SRF-2 | 34,075,000 | 31,210,000 |
| Water Supply System Revenue Bonds, Series 2023 SRF-1 | 48,172,500 | 41,430,145 |
| Total SRF Junior Lien Bonds | 352,710,519 | 285,767,618 |
| **Total Water Supply System Revenue Bonds** | $ 4,227,140,519 | $ 2,713,427,618 |

# GREAT LAKES WATER AUTHORITY

DEBT BY LIEN

As of June 30, 2025

Continued on Next Page

| | | Original Principal Amount [1] | | Outstanding as of June 30, 2025 |
|---|---|---|---|---|
| **Sewage Disposal System Revenue Bonds** | | | | |
| Senior Lien Bonds | | | | |
| Sewage Disposal System Senior Lien Revenue Bonds, Series 2003B | $ | 150,000,000 | $ | 100,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2006D | | 370,000,000 | | 239,475,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2016B | | 126,105,000 | | 43,225,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2018A | | 81,595,000 | | 74,225,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2018B | | 131,690,000 | | 128,625,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2020A | | 594,930,000 | | 294,840,000 |
| Sewage Disposal System Senior Lien Revenue Bonds, Series 2022A | | 125,975,000 | | 125,975,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2023A | | 185,235,000 | | 185,235,000 |
| Sewage Disposal System Revenue Senior Lien Bonds, Series 2023C | | 96,860,000 | | 96,860,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2024A | | 347,305,000 | | 347,305,000 |
| Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2025A | | 104,280,000 | | 104,280,000 |
| Total Senior Lien Bonds | | 2,313,975,000 | | 1,640,145,000 |
| Second Lien Bonds | | | | |
| Sewage Disposal System Second Lien Revenue Bonds, Series 2001B | | 110,550,000 | | 65,580,000 |
| Sewage Disposal System Revenue Second Lien Bonds, Series 2005A | | 273,355,000 | | 100,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2005C | | 63,160,000 | | 100,000 |
| Sewage Disposal System Revenue Second Lien Bonds, Series 2006B | | 250,000,000 | | 100,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2016C | | 295,190,000 | | 198,560,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2020B | | 92,525,000 | | 50,730,000 |
| Sewage Disposal System Revenue Second Lien Bonds, Series 2022B | | 71,990,000 | | 71,990,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2023B | | 14,965,000 | | 14,965,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2024B | | 40,260,000 | | 40,260,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2025B | | 283,300,000 | | 283,300,000 |
| Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2025C | | 47,470,000 | | 47,470,000 |
| Total Second Lien Bonds | | 1,542,765,000 | | 773,155,000 |

| | | Original Principal Amount [1] | | Outstanding as of June 30, 2025 |
|---|---|---|---|---|
| **Sewage Disposal System Revenue Bonds (cont.)** | | | | |
| SRF Junior Lien Bonds | | | | |
| Sewage Disposal System Revenue Bonds, Series 2003 SRF-1 | $ | 48,520,000 | $ | 3,045,000 |
| Sewage Disposal System Revenue Bonds, Series 2007 SRF-1 | | 167,540,598 | | 47,085,598 |
| Sewage Disposal System Revenue Bonds, Series 2009 SRF-1 | | 13,970,062 | | 4,020,062 |
| Sewage Disposal System Revenue Bonds, Series 2010 SRF-1 | | 4,214,763 | | 1,465,763 |
| Sewage Disposal System Revenue Bonds, Series 2012 SRF-1 | | 14,950,000 | | 8,400,000 |
| Sewage Disposal System Revenue Bonds, Series 2015A SRF | | 79,500,000 | | 48,525,000 |
| Sewage Disposal System Revenue Bonds, Series 2015B SRF | | 27,175,304 | | 16,285,304 |
| Sewage Disposal System Revenue Bonds, Series 2015D SRF | | 15,321,478 | | 9,001,478 |
| Sewage Disposal System Revenue Bonds, Series 2016 SAW-1 | | 15,463,628 | | 10,833,628 |
| Sewage Disposal System Revenue Bonds, Series 2016 SRF-1 | | 48,315,683 | | 35,745,683 |
| Sewage Disposal System Revenue Bonds, Series 2016 SRF-2 | | 33,566,682 | | 24,996,682 |
| Sewage Disposal System Revenue Bonds, Series 2017 SRF-1 | | 17,510,000 | | 16,055,000 |
| Sewage Disposal System Revenue Bonds, Series 2018 SRF-2 | | 28,350,000 | | 25,995,000 |
| Sewage Disposal System Revenue Bonds, Series 2020 SRF-1 | | 3,232,000 | | 1,300,052 |
| Sewage Disposal System Revenue Bonds, Series 2020 SRF-2 | | 12,940,000 | | 10,481,237 |
| Sewage Disposal System Revenue Bonds, Series 2021 SRF-1 | | 6,881,250 | | 1,925,700 |
| Sewage Disposal System Revenue Bonds, Series 2021 SRF-2 | | 34,195,000 | | 17,529,200 |
| Sewage Disposal System Revenue Bonds, Series 2022 SRF-1 | | 50,245,000 | | 31,377,723 |
| Sewage Disposal System Revenue Bonds, Series 2022 SRF-2 | | 19,035,000 | | 11,356,405 |
| Sewage Disposal System Revenue Bonds, Series 2022 SRF-3 | | 88,820,000 | | 13,797,181 |
| Sewage Disposal System Revenue Bonds, Series 2023 SRF-1 | | 126,800,000 | | 11,460,410 |
| Sewage Disposal System Revenue Bonds, Series 2024 SRF-1 | | 155,000,000 | | - |
| Sewage Disposal System Revenue Bonds, Series 2024 SRF-2 | | 60,500,000 | | 115,450 |
| Total SRF Junior Lien Bonds | | 1,072,046,448 | | 350,797,556 |
| **Total Sewage Disposal System Revenue Bonds** | $ | 4,928,786,448 | $ | 2,764,097,556 |

[1] Reflects original amount issued by predecessor entity, DWSD, for bonds issued prior to January 1, 2016.

Schedule 10

# GREAT LAKES WATER AUTHORITY

SCHEDULE OF DEBT SERVICE REQUIREMENTS
As of June 30, 2025

Continued on Next Page

| Fiscal Year Ending [1] | Senior Lien Bonds ($000) Principal | Senior Lien Bonds ($000) Interest | Senior Lien Bonds ($000) Total | Second Lien Bonds ($000) Principal | Second Lien Bonds ($000) Interest | Second Lien Bonds ($000) Total | Junior Lien Bonds ($000) Principal | Junior Lien Bonds ($000) Interest | Junior Lien Bonds ($000) Total | All Bonds ($000) Total Debt Service |
|---|---|---|---|---|---|---|---|---|---|---|
| **Water Fund** | | | | | | | | | | |
| 2026 | $ 62,335 | $ 69,490 | $ 131,825 | $ 18,505 | $ 32,920 | $ 51,425 | $ 12,440 | $ 5,518 | $ 17,958 | $ 201,208 |
| 2027 | 68,930 | 75,508 | 144,438 | 19,555 | 36,202 | 55,757 | 14,691 | 5,220 | 19,911 | 220,105 |
| 2028 | 71,855 | 72,119 | 143,974 | 22,645 | 35,147 | 57,792 | 13,335 | 4,948 | 18,283 | 220,049 |
| 2029 | 75,555 | 68,566 | 144,121 | 24,555 | 33,967 | 58,522 | 13,611 | 4,688 | 18,299 | 220,942 |
| 2030 | 79,305 | 64,742 | 144,047 | 25,750 | 32,709 | 58,459 | 13,735 | 4,424 | 18,160 | 220,665 |
| 2031 | 83,255 | 60,735 | 143,990 | 29,915 | 31,317 | 61,232 | 14,020 | 4,157 | 18,177 | 223,399 |
| 2032 | 88,275 | 56,504 | 144,779 | 30,510 | 29,807 | 60,317 | 14,265 | 3,885 | 18,149 | 223,245 |
| 2033 | 91,670 | 52,078 | 143,748 | 32,990 | 28,362 | 61,352 | 14,020 | 3,612 | 17,633 | 222,732 |
| 2034 | 85,495 | 47,716 | 133,211 | 45,030 | 26,756 | 71,786 | 14,280 | 3,339 | 17,620 | 222,616 |
| 2035 | 97,115 | 43,188 | 140,303 | 38,855 | 24,861 | 63,716 | 14,571 | 3,061 | 17,632 | 221,651 |
| 2036 | 121,760 | 37,711 | 159,471 | 17,915 | 23,442 | 41,357 | 14,845 | 2,777 | 17,623 | 218,451 |
| 2037 | 24,470 | 34,035 | 58,505 | 125,000 | 19,868 | 144,868 | 15,131 | 2,488 | 17,620 | 220,993 |
| 2038 | 61,855 | 31,877 | 93,732 | 7,490 | 16,555 | 24,045 | 15,445 | 2,194 | 17,639 | 135,416 |
| 2039 | 70,920 | 28,721 | 99,641 | 6,530 | 16,205 | 22,735 | 15,741 | 1,893 | 17,634 | 140,010 |
| 2040 | 79,780 | 25,581 | 105,361 | 4,850 | 15,920 | 20,770 | 16,050 | 1,586 | 17,637 | 143,768 |
| 2041 | 82,845 | 22,461 | 105,306 | 5,090 | 15,672 | 20,762 | 16,380 | 1,274 | 17,654 | 143,722 |
| 2042 | 84,730 | 19,240 | 103,970 | 5,350 | 15,406 | 20,756 | 15,635 | 960 | 16,595 | 141,321 |
| 2043 | 36,345 | 16,689 | 53,034 | 35,245 | 14,383 | 49,628 | 14,159 | 656 | 14,814 | 117,476 |
| 2044 | 34,900 | 14,883 | 49,783 | 40,165 | 12,484 | 52,649 | 6,557 | 436 | 6,993 | 109,426 |
| 2045 | 36,665 | 13,060 | 49,725 | 42,190 | 10,408 | 52,598 | 2,368 | 346 | 2,715 | 105,038 |
| 2046 | 38,540 | 11,137 | 49,677 | 44,315 | 8,227 | 52,542 | 2,428 | 295 | 2,723 | 104,942 |
| 2047 | 40,515 | 9,115 | 49,630 | 46,550 | 5,930 | 52,480 | 2,473 | 243 | 2,716 | 104,825 |
| 2048 | 22,290 | 7,496 | 29,786 | 11,085 | 4,457 | 15,542 | 2,520 | 189 | 2,709 | 48,037 |
| 2049 | 20,100 | 6,390 | 26,490 | 11,750 | 3,847 | 15,597 | 2,021 | 135 | 2,156 | 44,243 |
| 2050 | 21,150 | 5,314 | 26,464 | 12,375 | 3,198 | 15,573 | 1,809 | 96 | 1,905 | 43,942 |
| 2051 | 19,300 | 4,256 | 23,556 | 10,045 | 2,588 | 12,633 | 1,844 | 60 | 1,904 | 38,093 |
| 2052 | 20,310 | 3,216 | 23,526 | 10,600 | 2,020 | 12,620 | 1,390 | 28 | 1,418 | 37,565 |
| 2053 | 21,380 | 2,122 | 23,502 | 11,180 | 1,421 | 12,601 | - | - | - | 36,103 |
| 2054 | 15,995 | 1,141 | 17,136 | 6,395 | 938 | 7,333 | - | - | - | 24,469 |
| 2055 | 6,690 | 545 | 7,235 | 6,745 | 577 | 7,322 | - | - | - | 14,557 |
| 2056 | 7,040 | 185 | 7,225 | 7,115 | 196 | 7,311 | - | - | - | 14,535 |
| Total | $ 1,671,370 | $ 905,822 | $ 2,577,192 | $ 756,290 | $ 505,788 | $ 1,262,078 | $ 285,768 | $ 58,508 | $ 344,276 | $ 4,183,546 |

# GREAT LAKES WATER AUTHORITY

SCHEDULE OF DEBT SERVICE REQUIREMENTS
As of June 30, 2025

Continued From Previous Page

| Fiscal Year | Senior Lien Bonds ($000) | | | Second Lien Bonds ($000) | | | Junior Lien Bonds ($000) | | | All Bonds ($000) |
|---|---|---|---|---|---|---|---|---|---|---|
| Ending [1] | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total | Total Debt Service |
| **Sewage Disposal Fund** | | | | | | | | | | |
| 2026 | $ 76,560 | $ 68,946 | $ 145,506 | $ 16,795 | $ 29,332 | $ 46,127 | $ 31,780 | $ 7,284 | $ 39,064 | $ 230,698 |
| 2027 | 84,390 | 67,670 | 152,060 | 19,415 | 36,660 | 56,075 | 29,365 | 6,699 | 36,064 | 244,198 |
| 2028 | 95,660 | 63,663 | 159,323 | 24,140 | 35,507 | 59,647 | 33,590 | 6,053 | 39,643 | 258,612 |
| 2029 | 97,490 | 59,414 | 156,904 | 25,190 | 34,207 | 59,397 | 39,595 | 5,359 | 44,955 | 261,256 |
| 2030 | 102,860 | 54,915 | 157,775 | 20,400 | 32,996 | 53,396 | 40,211 | 4,547 | 44,758 | 255,930 |
| 2031 | 96,870 | 50,473 | 147,343 | 33,190 | 31,621 | 64,811 | 24,394 | 3,814 | 28,208 | 240,362 |
| 2032 | 104,090 | 46,238 | 150,328 | 33,755 | 29,947 | 63,702 | 20,740 | 3,294 | 24,034 | 238,064 |
| 2033 | 122,095 | 41,792 | 163,887 | 22,010 | 28,553 | 50,563 | 21,225 | 2,821 | 24,046 | 238,496 |
| 2034 | 122,745 | 36,328 | 159,073 | 27,545 | 27,338 | 54,883 | 21,640 | 2,337 | 23,977 | 237,932 |
| 2035 | 52,505 | 32,019 | 84,524 | 109,455 | 24,033 | 133,488 | 22,095 | 1,843 | 23,938 | 241,950 |
| 2036 | 10,290 | 30,500 | 40,790 | 159,485 | 17,680 | 177,165 | 20,591 | 1,358 | 21,949 | 239,904 |
| 2037 | 9,265 | 30,058 | 39,323 | 169,740 | 9,920 | 179,660 | 12,485 | 926 | 13,411 | 232,394 |
| 2038 | 116,470 | 26,953 | 143,423 | 630 | 5,856 | 6,486 | 12,275 | 652 | 12,927 | 162,836 |
| 2039 | 115,565 | 21,233 | 136,798 | 5,635 | 5,700 | 11,335 | 8,500 | 381 | 8,881 | 157,013 |
| 2040 | 126,670 | 16,357 | 143,027 | 1,785 | 5,523 | 7,308 | 3,315 | 212 | 3,527 | 153,861 |
| 2041 | 32,015 | 13,527 | 45,542 | 1,880 | 5,453 | 7,333 | 3,385 | 145 | 3,530 | 56,405 |
| 2042 | 37,460 | 11,972 | 49,432 | 3,410 | 5,345 | 8,755 | 2,856 | 84 | 2,940 | 61,127 |
| 2043 | 39,050 | 10,354 | 49,404 | 3,555 | 5,195 | 8,750 | 2,755 | 28 | 2,783 | 60,937 |
| 2044 | 39,155 | 8,706 | 47,861 | 5,230 | 4,998 | 10,228 | - | - | - | 58,089 |
| 2045 | 40,580 | 7,025 | 47,605 | 5,475 | 4,752 | 10,227 | - | - | - | 57,832 |
| 2046 | 18,435 | 5,688 | 24,123 | 3,490 | 4,534 | 8,024 | - | - | - | 32,147 |
| 2047 | 19,395 | 4,706 | 24,101 | 3,680 | 4,344 | 8,024 | - | - | - | 32,125 |
| 2048 | 20,405 | 3,673 | 24,078 | 3,885 | 4,140 | 8,025 | - | - | - | 32,104 |
| 2049 | 13,890 | 2,786 | 16,676 | 11,585 | 3,717 | 15,302 | - | - | - | 31,978 |
| 2050 | 9,230 | 2,185 | 11,415 | 12,225 | 3,063 | 15,288 | - | - | - | 26,703 |
| 2051 | 9,715 | 1,688 | 11,403 | 12,900 | 2,372 | 15,272 | - | - | - | 26,674 |
| 2052 | 10,230 | 1,164 | 11,394 | 13,615 | 1,642 | 15,257 | - | - | - | 26,652 |
| 2053 | 10,775 | 613 | 11,388 | 14,370 | 873 | 15,243 | - | - | - | 26,631 |
| 2054 | 6,285 | 165 | 6,450 | 2,740 | 402 | 3,142 | - | - | | 9,592 |
| 2055 | - | - | - | 2,895 | 247 | 3,142 | - | - | | 3,142 |
| 2056 | - | - | - | 3,050 | 84 | 3,134 | - | - | - | 3,134 |
| Total | $ 1,640,145 | $ 720,810 | $ 2,360,955 | $ 773,155 | $ 406,033 | $ 1,179,188 | $ 350,798 | $ 47,836 | $ 398,634 | $ 3,938,777 |

[1] Reflects fiscal period in which actual payments are due.

Schedule may not foot due to rounding

# GREAT LAKES WATER AUTHORITY

## DEBT CREDIT RATING HISTORY

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| **Water Supply System Revenue** | | | | | | | | | | |
| Standards & Poor's | | | | | | | | | | |
| Senior Lien | AA- | AA- | AA- | AA- | AA- | AA- | AA- | A- | A- | A- |
| Second Lien | A+ | A+ | A+ | A+ | A+ | A+ | A+ | BBB+ | BBB+ | BBB+ |
| Junior Lien | A+ | A+ | A+ | A+ | A+ | A+ | A+ | N/A | N/A | N/A |
| Moody's | | | | | | | | | | |
| Senior Lien | Aa3 | Aa3 | A1 | A1 | A1 | A1 | A2 | A3 | A3 | Baa1 |
| Second Lien | A1 | A1 | A2 | A2 | A2 | A2 | A3 | Baa1 | Baa1 | Baa2 |
| Fitch | | | | | | | | | | |
| Senior Lien | A+ | A+ | A+ | A+ | A+ | A+ | A | A | A | BBB |
| Second Lien | A | A | A | A | A | A | A- | A- | A- | BBB- |
| **Sewage Disposal System Revenue** | | | | | | | | | | |
| Standard's & Poor's | | | | | | | | | | |
| Senior Lien | AA- | AA- | AA- | AA- | AA- | AA- | A+ | A- | A- | A- |
| Second Lien | A+ | A+ | A+ | A+ | A+ | A+ | A | BBB+ | BBB+ | BBB+ |
| Junior Lien | A+ | A+ | A+ | A+ | A+ | A+ | A | N/A | N/A | N/A |
| Moody's | | | | | | | | | | |
| Senior Lien | Aa3 | Aa3 | A1 | A1 | A1 | A1 | A2 | A3 | A3 | Baa1 |
| Second Lien | A1 | A1 | A2 | A2 | A2 | A2 | A3 | Baa1 | Baa1 | Baa2 |
| Fitch | | | | | | | | | | |
| Senior Lien | AA- | AA- | A+ | A+ | A+ | A+ | A | A | A | BBB |
| Second Lien | A+ | A+ | A | A | A | A | A- | A- | A- | BBB- |

# GREAT LAKES WATER AUTHORITY

## CALCULATION OF DEBT SERVICE COVERAGE - OVERVIEW

As of June 30, 2025

The Authority has pledged Net Revenues of the water and sewage disposal systems to secure the repayment of the principal and interest of the revenue bonds and State of Michigan revolving fund loans. Revenues are defined in the Master Bond Ordinance (MBO) and are in accordance with State of Michigan Public Act 94, the Revenue Bond Act of 1933, as all monies collected, directly or indirectly, by GLWA, or by the DWSD as agent for GLWA for the local system under the water and sewer services agreement. Net Revenues are defined in the MBO as all Revenues except for those transferred to the Operations and Maintenance Fund.

Since GLWA assumed the outstanding bonded indebtedness at the time of bifurcation and issues new debt on behalf of DWSD, DWSD retail customer revenues are pledged for payment of the outstanding bonded indebtedness of GLWA. For this reason, pursuant to the terms of the Regional System Leases, DWSD is GLWA's agent for retail billing, collections, and enforcement for those revenues. DWSD is a department of the City of Detroit which is a separate legal entity.

Debt service coverage ratios are presented using two different methodologies. The first methodology we identify as 'GAAP Basis' as it calculates pledged revenue using the information from the GAAP basis financial statements for GLWA and DWSD which are prepared on an accrual basis. The second methodology call 'Rate Covenant Basis' calculates pledged revenue on a cash basis.

The MBO establishes that rates and charges be set such that they are expected to produce debt service coverage that is not less than the Required Coverage. Required Coverage is defined as debt service coverage levels of 1.20 for senior lien bonds, 1.10 for second lien bonds and 1.00 for any junior lien bonds, other than second lien bonds. Debt service coverage ratios are inclusive of all revenue bonds and state revolving loans held on behalf of both GLWA and DWSD.

## GREAT LAKES WATER AUTHORITY

Schedule 12a

DEBT SERVICE COVERAGE - GAAP BASIS - WATER SYSTEM

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 [7] | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* |
| GLWA Revenues | | | | | | | | | | |
| Wholesale charges | $ 348,976,278 | $ 337,511,167 | $ 340,593,806 | $ 323,026,213 | $ 322,423,768 | $ 312,701,777 | $ 311,399,136 | $ 323,117,344 | $ 331,115,131 | $ 160,777,169 |
| KWA debt service credits | (5,776,961) | (5,990,831) | (6,452,573) | (6,496,428) | (6,652,253) | (6,652,348) | (6,979,503) | (3,176,073) | - | - |
| Charges to local system | 27,094,800 | 25,537,200 | 22,834,300 | 21,697,300 | 21,925,500 | 21,295,500 | 20,181,400 | 15,130,600 | 15,490,300 | 6,833,500 |
| Bad Debt Recovery Credit | - | (5,152,500) | - | - | - | - | - | - | 5,107,125 | - |
| Other revenue | 503,708 | 901,919 | 1,378,706 | 775,537 | 267,562 | 1,912,636 | 21,340 | 64,200 | 37,388 | 54,863 |
| Earnings on investments [1] | 16,456,333 | 18,336,395 | 9,161,614 | 1,945,613 | 4,195,305 | 9,115,115 | 11,818,203 | 4,489,397 | 1,348,898 | 520,891 |
| Total GLWA Revenues | 387,254,158 | 371,143,350 | 367,515,853 | 340,948,235 | 342,159,882 | 338,372,680 | 336,440,576 | 339,625,468 | 353,098,842 | 168,186,423 |
| DWSD Local System Revenues [6] | | | | | | | | | | |
| Local System revenues [2] | 100,617,883 | 102,734,888 | 107,558,342 | 83,591,720 | 67,464,986 | 73,817,339 | 69,777,041 | 83,983,786 | 69,680,402 | 183,279,645 |
| Other Revenue | 4,940,933 | 2,831,424 | 1,749,998 | 2,349,445 | 1,958,151 | 7,289,468 | 1,013,276 | 1,635,430 | 5,265,229 | 2,074,095 |
| Total DWSD Local System Revenues | 105,558,816 | 105,566,312 | 109,308,340 | 85,941,165 | 69,423,137 | 81,106,807 | 70,790,317 | 85,619,216 | 74,945,631 | 185,353,740 |
| Total Revenue | 492,812,974 | 476,709,662 | 476,824,193 | 426,889,400 | 411,583,019 | 419,479,487 | 407,230,893 | 425,244,684 | 428,044,473 | 353,540,163 |
| Operating Costs | | | | | | | | | | |
| GLWA operating expenses | 174,141,703 | 157,811,046 | 155,167,048 | 137,815,968 | 123,638,092 | 132,532,838 | 119,821,946 | 108,530,383 | 101,730,949 | 49,545,659 |
| GASB 96 expenditures [3] | 1,263,928 | 3,226,137 | 2,282,630 | 413,924 | - | - | - | - | - | - |
| O&M transfers: | | | | | | | | | | |
| DWSD Local System operations | 46,468,700 | 44,776,800 | 42,581,600 | 29,989,000 | 35,833,900 | 34,662,400 | 35,484,300 | 35,059,704 | 33,596,400 | 22,444,800 |
| Legacy Pension Regional System [4] | - | - | 6,048,000 | 6,048,000 | 6,048,000 | 6,048,000 | 6,048,000 | 6,048,000 | 6,048,000 | 3,024,000 |
| Legacy Pension DWSD Local System [4] | - | - | 4,272,000 | 4,272,000 | 4,272,000 | 4,272,000 | 4,272,000 | 4,272,000 | 4,272,000 | 2,136,000 |
| Total Operating Costs | 221,874,331 | 205,813,983 | 210,351,278 | 178,538,892 | 169,791,992 | 177,515,238 | 165,626,246 | 153,910,087 | 145,647,349 | 77,150,459 |
| Pledged Revenue | $ 270,938,643 | $ 270,895,679 | $ 266,472,915 | $ 248,350,508 | $ 241,791,027 | $ 241,964,249 | $ 241,604,647 | $ 271,334,597 | $ 282,397,124 | $ 276,389,704 |
| Principal and interest funding requirement [5]: | | | | | | | | | | |
| Senior lien bonds | $ 138,778,693 | $ 138,521,701 | $ 133,773,102 | $ 124,309,692 | $ 123,798,304 | $ 122,318,928 | $ 119,230,820 | $ 127,687,420 | $ 134,234,660 | $ 128,177,999 |
| Second lien bonds | 50,697,219 | 51,602,761 | 50,117,190 | 46,840,350 | 51,731,158 | 47,849,350 | 46,214,385 | 42,852,813 | 38,990,023 | 41,178,843 |
| Total senior and second lien bonds | 189,475,912 | 190,124,462 | 183,890,292 | 171,150,042 | 175,529,462 | 170,168,278 | 165,445,205 | 170,540,233 | 173,224,683 | 169,356,842 |
| Junior lien bonds | 17,713,735 | 15,552,742 | 8,910,595 | 5,439,273 | 3,684,917 | 2,700,795 | 2,521,249 | 2,009,658 | 1,785,328 | 1,781,683 |
| Total All Bonds | $ 207,189,647 | $ 205,677,204 | $ 192,800,887 | $ 176,589,315 | $ 179,214,379 | $ 172,869,073 | $ 167,966,454 | $ 172,549,891 | $ 175,010,011 | $ 171,138,525 |
| GAAP Basis Debt Service Coverage | | | | | | | | | | |
| Senior lien bonds | 1.95 | 1.96 | 1.99 | 2.00 | 1.95 | 1.98 | 2.03 | 2.12 | 2.10 | 2.16 |
| Senior and second lien bonds | 1.43 | 1.42 | 1.45 | 1.45 | 1.38 | 1.42 | 1.46 | 1.59 | 1.63 | 1.63 |
| All bonds, including SRF junior lien | 1.31 | 1.32 | 1.38 | 1.41 | 1.35 | 1.40 | 1.44 | 1.57 | 1.61 | 1.62 |

[1] Excludes investment earnings on bond proceeds in construction fund.

[2] Local system revenues is reported net of bad debt expense and net of the GLWA Local System Charges which is paid by the local service revenues.

[3] Amounts recorded under GASB 96 for financial reporting purposes are treated as operating expenditures for budget purposes and the debt service coverage calculation.

[4] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504(c) of the Water Master Bond Ordinance.

[5] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

[6] At the time of the issuance of the GLWA financial report, DWSD's audited financial report had not been released. Amounts used were provided by DWSD's management of the preliminary financial results for the year ended June 30, 2025.

[7] DWSD local system revenues for 2024 were based on DWSD preliminary financial results. Amounts have been updated to actual.

* GLWA started operations on January 1, 2016. Includes 6 months under operations of DWSD and 6 months under the operations of GLWA under the Master Bond Ordinances in effect during the respective time periods.

## GREAT LAKES WATER AUTHORITY

DEBT SERVICE COVERAGE - RATE COVENANT BASIS - WATER SYSTEM

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* |
| GLWA Receipts | | | | | | | | | | |
| Wholesale charges | $ 339,149,401 | $ 334,931,872 | $ 332,337,913 | $ 313,964,381 | $ 310,032,178 | $ 303,568,071 | $ 308,690,722 | $ 319,728,881 | $ 336,362,250 | |
| Charges to local system | 26,468,500 | 25,521,300 | 22,834,300 | 21,697,300 | 21,925,500 | 21,295,500 | 20,181,400 | 15,130,600 | 15,490,300 | |
| Earnings on investments | 13,581,922 | 13,799,049 | 8,163,261 | 2,456,013 | 4,684,353 | 7,742,625 | 7,722,112 | 3,592,524 | 579,546 | |
| Total GLWA Receipts | 379,199,823 | 374,252,221 | 363,335,474 | 338,117,694 | 336,642,031 | 332,606,196 | 336,594,234 | 338,452,005 | 352,432,096 | |
| DWSD Local System Receipts [1] | 100,844,652 | 98,296,987 | 98,010,223 | 80,267,663 | 80,141,924 | 75,590,223 | 79,686,819 | 85,962,882 | 80,960,806 | |
| Total Receipts | 480,044,475 | 472,549,208 | 461,345,697 | 418,385,357 | 416,783,955 | 408,196,419 | 416,281,053 | 424,414,887 | 433,392,902 | |
| Operation and Maintenance Transfers | | | | | | | | | | |
| GLWA Regional System operations [2] | 182,227,100 | 168,873,100 | 156,747,700 | 143,933,800 | 124,167,627 | 126,188,192 | 116,356,994 | 114,426,522 | 105,431,843 | |
| DWSD Local System operations | 46,468,700 | 44,776,800 | 42,581,600 | 29,989,000 | 35,833,900 | 34,662,400 | 35,484,300 | 35,059,704 | 33,596,400 | |
| Legacy Pension Regional System [3] | - | - | 6,048,000 | 6,048,000 | 6,048,000 | 6,048,000 | 6,048,000 | 6,048,000 | 6,048,000 | |
| Legacy Pension DWSD Local System [3] | - | - | 4,272,000 | 4,272,000 | 4,272,000 | 4,272,000 | 4,272,000 | 4,272,000 | 4,272,000 | |
| Total Operations and Maintenance Transfers | 228,695,800 | 213,649,900 | 209,649,300 | 184,242,800 | 170,321,527 | 171,170,592 | 162,161,294 | 159,806,226 | 149,348,243 | |
| Pledged Revenue | $ 251,348,675 | $ 258,899,308 | $ 251,696,397 | $ 234,142,557 | $ 246,462,428 | $ 237,025,827 | $ 254,119,759 | $ 264,608,661 | $ 284,044,659 | |
| Principal and interest funding requirement [4]: | | | | | | | | | | |
| Senior lien bonds | $ 138,778,693 | $ 138,521,701 | $ 133,773,102 | $ 124,309,692 | $ 123,798,304 | $ 122,318,928 | $ 119,230,820 | $ 127,687,420 | $ 134,234,660 | |
| Second lien bonds | 50,697,219 | 51,602,761 | 50,117,190 | 46,840,350 | 51,731,158 | 47,849,350 | 46,214,385 | 42,852,813 | 38,990,023 | |
| Total senior and second lien bonds | 189,475,912 | 190,124,462 | 183,890,292 | 171,150,042 | 175,529,462 | 170,168,278 | 165,445,205 | 170,540,233 | 173,224,683 | |
| Junior lien bonds | 17,713,735 | 15,552,742 | 8,910,595 | 5,439,273 | 3,684,917 | 2,700,795 | 2,521,249 | 2,009,658 | 1,785,328 | |
| Total All Bonds | $ 207,189,647 | $ 205,677,204 | $ 192,800,887 | $ 176,589,315 | $ 179,214,379 | $ 172,869,073 | $ 167,966,454 | $ 172,549,891 | $ 175,010,011 | |
| Rate Covenant Basis Debt Service Coverage | | | | | | | | | | |
| Senior lien bonds | 1.81 | 1.87 | 1.88 | 1.88 | 1.99 | 1.94 | 2.13 | 2.07 | 2.12 | |
| Senior and second lien bonds | 1.33 | 1.36 | 1.37 | 1.37 | 1.40 | 1.39 | 1.54 | 1.55 | 1.64 | |
| All bonds, including SRF junior lien | 1.21 | 1.26 | 1.31 | 1.33 | 1.38 | 1.37 | 1.51 | 1.53 | 1.62 | |

[1] DWSD Local Systems Receipts is net of the GLWA Local System Charges which is paid from the local system receipts.
[2] For years prior to 2022 a different methodology was used. A calculation was performed to determine the cash basis disbursements from the operations fund.
[3] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504 (c) of the Water Master Bond Ordinance.
[4] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

* GLWA started operations on January 1, 2016. Due to the bifurcation from DWSD the Rate Covenant Basis cannot be computed for 2016.

## GREAT LAKES WATER AUTHORITY

Schedule 12c

DEBT SERVICE COVERAGE - GAAP BASIS - SEWAGE DISPOSAL SYSTEM

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 [7] | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* |
| GLWA Revenues | | | | | | | | | | |
| Wholesale Charges | $ 287,690,760 | $ 282,767,090 | $ 275,917,502 | $ 268,813,369 | $ 267,567,816 | $ 266,003,286 | $ 272,772,460 | $ 268,978,831 | $ 298,376,775 | $ 121,106,353 |
| Charges to local system | 205,924,800 | 196,569,600 | 191,042,200 | 188,662,200 | 187,959,700 | 185,807,300 | 181,159,300 | 178,969,200 | 187,304,100 | 95,826,900 |
| Industrial waste charges | 8,849,415 | 8,617,495 | 8,393,103 | 8,300,278 | 8,004,939 | 7,854,593 | 9,106,274 | 14,334,979 | 14,381,106 | 6,910,192 |
| Pollutant surcharges | 4,583,986 | 4,088,519 | 4,894,567 | 5,181,816 | 6,719,964 | 6,448,508 | 5,932,550 | 6,908,404 | 5,206,294 | 2,423,910 |
| Bad Debt Recovery Credit | - | (15,556,900) | - | - | - | - | - | - | - | - |
| Other Revenue | 685,291 | (827,846) | 4,901,316 | 817,448 | 6,481,905 | 6,491,617 | 506,323 | 4,391,145 | 538,807 | 4,197,614 |
| Earnings on investments [1] | 21,643,264 | 23,168,806 | 12,498,292 | 1,842,475 | 2,802,041 | 7,775,080 | 9,592,270 | 4,022,582 | 1,384,225 | 586,072 |
| Total GLWA Revenues | 529,377,516 | 498,826,764 | 497,646,980 | 473,617,586 | 479,536,365 | 480,380,384 | 479,069,177 | 477,605,141 | 507,191,307 | 231,051,041 |
| DWSD Local System Revenues [6] | | | | | | | | | | |
| Local system revenues [2] | 86,801,762 | 99,182,251 | 106,468,842 | 132,274,680 | 79,360,298 | 80,935,263 | 71,542,770 | 84,018,973 | 45,587,339 | 206,870,710 |
| Other Revenue | 1,636,735 | 1,706,726 | 286,763 | 1,797,906 | 915,216 | 914,969 | 346,821 | 159,535 | 4,617,148 | (940,714) |
| Total DWSD Local System Revenues | 88,438,497 | 100,888,977 | 106,755,605 | 134,072,586 | 80,275,514 | 81,850,232 | 71,889,591 | 84,178,508 | 50,204,487 | 205,929,996 |
| Total Revenue | 617,816,013 | 599,715,741 | 604,402,585 | 607,690,172 | 559,811,879 | 562,230,616 | 550,958,768 | 561,783,649 | 557,395,794 | 436,981,037 |
| Operating Costs | | | | | | | | | | |
| GLWA operating expenses | 227,975,930 | 218,946,354 | 211,656,126 | 186,918,677 | 178,101,424 | 176,949,460 | 174,040,805 | 176,379,404 | 151,318,266 | 84,380,021 |
| GASB 87 and GASB 96 expenditures [3] | 1,778,051 | 3,727,649 | 2,464,377 | 1,041,308 | 118,759 | - | - | - | - | - |
| O&M transfers: | | | | | | | | | | |
| DWSD Local System operations | 57,356,900 | 55,705,700 | 51,396,400 | 61,301,000 | 69,915,700 | 55,243,500 | 56,767,920 | 60,517,992 | 41,535,600 | 16,949,400 |
| Legacy Pension Regional System [4] | - | - | 10,824,000 | 10,824,000 | 10,824,000 | 10,824,000 | 10,824,000 | 10,824,000 | 10,824,000 | 5,412,000 |
| Legacy Pension DWSD Local System [4] | - | - | 2,856,000 | 2,856,000 | 2,856,000 | 2,856,000 | 2,856,000 | 2,856,000 | 2,856,000 | 1,428,000 |
| Total Operating Costs | 287,110,881 | 278,379,703 | 279,196,903 | 262,940,985 | 261,815,883 | 245,872,960 | 244,488,725 | 250,577,396 | 206,533,866 | 108,169,421 |
| Pledged revenue | $ 330,705,132 | $ 321,336,038 | $ 325,205,682 | $ 344,749,187 | $ 297,995,996 | $ 316,357,656 | $ 306,470,043 | $ 311,206,253 | $ 350,861,928 | $ 328,811,616 |
| Principal and interest funding requirement [5]: | | | | | | | | | | |
| Senior lien bonds | $ 151,533,904 | $ 157,403,423 | $ 152,866,129 | $ 130,404,294 | $ 119,217,128 | $ 147,310,565 | $ 145,795,507 | $ 141,718,836 | $ 140,854,010 | $ 140,191,016 |
| Second lien bonds | 53,311,091 | 53,227,095 | 39,847,153 | 51,893,038 | 57,778,951 | 45,878,850 | 43,922,600 | 43,990,100 | 47,918,639 | 48,944,924 |
| Total senior and second lien bonds | 204,844,995 | 210,630,518 | 192,713,282 | 182,297,332 | 176,996,079 | 193,189,415 | 189,718,107 | 185,708,936 | 188,772,649 | 189,135,940 |
| Junior lien bonds | 44,587,324 | 50,498,804 | 50,145,516 | 53,550,614 | 53,166,797 | 52,593,843 | 49,454,156 | 46,571,896 | 45,782,165 | 39,434,631 |
| Total All Bonds | $ 249,432,319 | $ 261,129,322 | $ 242,858,798 | $ 235,847,946 | $ 230,162,876 | $ 245,783,258 | $ 239,172,263 | $ 232,280,832 | $ 234,554,814 | $ 228,570,571 |
| GAAP Basis Debt Service Coverage | | | | | | | | | | |
| Senior lien bonds | 2.18 | 2.04 | 2.13 | 2.64 | 2.50 | 2.15 | 2.10 | 2.20 | 2.49 | 2.35 |
| Senior and second lien bonds | 1.61 | 1.53 | 1.69 | 1.89 | 1.68 | 1.64 | 1.62 | 1.68 | 1.86 | 1.74 |
| All bonds, including SRF junior lien | 1.33 | 1.23 | 1.34 | 1.46 | 1.29 | 1.29 | 1.28 | 1.34 | 1.50 | 1.44 |

[1] Excludes investment earnings on bond proceeds in construction fund.

[2] Local system revenues is reported net of bad debt expense and net of the GLWA Local System Charges which is paid by the local service revenues.

[3] Amounts recorded under GASB 96 for financial reporting purposes are treated as operating expenditures for budget purposes and the debt service coverage calculation.

[4] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504(c) of the Water Master Bond Ordinance.

[5] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

[6] At the time of the issuance of the GLWA financial report, DWSD's audited financial report had not been released. Amounts used were provided by DWSD's management of the preliminary financial results for the year ended June 30, 2025.

[7] DWSD local system revenues for 2024 were based on DWSD preliminary financial results. Amounts have been updated to actual.

* GLWA started operations on January 1, 2016. Includes 6 months under operations of DWSD and 6 months under the operations of GLWA under the Master Bond Ordinances in effect during the respective time periods.

## GREAT LAKES WATER AUTHORITY

Schedule 12d

DEBT SERVICE COVERAGE - RATE COVENANT BASIS - SEWAGE DISPOSAL SYSTEM

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016* |
| GLWA Receipts | | | | | | | | | | |
| Wholesale charges | $ 286,313,028 | $ 292,811,429 | $ 297,751,807 | $ 281,636,430 | $ 288,132,728 | $ 293,321,993 | $ 281,485,522 | $ 294,503,834 | $ 281,528,551 | |
| Charges to local system | 205,924,800 | 196,569,600 | 191,042,200 | 188,662,200 | 187,959,700 | 185,807,300 | 181,159,300 | 178,969,200 | 187,304,100 | |
| Earnings on investments | 16,107,144 | 17,350,547 | 10,094,409 | 1,680,667 | 2,739,425 | 5,372,063 | 5,098,922 | 2,796,727 | 372,505 | |
| Total GLWA Receipts | 508,344,972 | 506,731,576 | 498,888,416 | 471,979,297 | 478,831,853 | 484,501,356 | 467,743,744 | 476,269,761 | 469,205,156 | |
| DWSD Local System Receipts [1] | 92,137,454 | 97,911,598 | 101,900,942 | 101,030,510 | 118,699,151 | 77,444,540 | 82,349,510 | 60,314,827 | 43,553,820 | |
| Total Receipts | 600,482,426 | 604,643,174 | 600,789,358 | 573,009,807 | 597,531,004 | 561,945,896 | 550,093,254 | 536,584,588 | 512,758,976 | |
| Operations and Maintenance Transfers | | | | | | | | | | |
| GLWA Regional System operations [2] | 235,191,600 | 224,873,500 | 204,122,500 | 191,908,600 | 165,588,970 | 176,416,149 | 171,899,072 | 172,614,312 | 172,965,094 | |
| DWSD Local System operations | 57,356,900 | 55,705,700 | 51,396,400 | 61,301,000 | 69,915,700 | 55,243,500 | 56,767,920 | 60,517,992 | 41,535,600 | |
| Legacy Pension Regional System [3] | - | - | 10,824,000 | 10,824,000 | 10,824,000 | 10,824,000 | 10,824,000 | 10,824,000 | 10,824,000 | |
| Legacy Pension DWSD Local System [3] | - | - | 2,856,000 | 2,856,000 | 2,856,000 | 2,856,000 | 2,856,000 | 2,856,000 | 2,856,000 | |
| Total Operations and Maintenance Transfers | 292,548,500 | 280,579,200 | 269,198,900 | 266,889,600 | 249,184,670 | 245,339,649 | 242,346,992 | 246,812,304 | 228,180,694 | |
| Pledged Revenue | $ 307,933,926 | $ 324,063,974 | $ 331,590,458 | $ 306,120,207 | $ 348,346,334 | $ 316,606,247 | $ 307,746,262 | $ 289,772,284 | $ 284,578,282 | |
| Principal and interest funding requirement [4]: | | | | | | | | | | |
| Senior lien bonds | $ 151,533,904 | $ 157,403,423 | $ 152,866,129 | $ 130,404,294 | $ 119,217,128 | $ 147,310,565 | $ 145,795,507 | $ 141,718,836 | $ 140,854,010 | |
| Second lien bonds | 53,311,091 | 53,227,095 | 39,847,153 | 51,893,038 | 57,778,951 | 45,878,850 | 43,922,600 | 43,990,100 | 47,918,639 | |
| Total senior and second lien bonds | 204,844,995 | 210,630,518 | 192,713,282 | 182,297,332 | 176,996,079 | 193,189,415 | 189,718,107 | 185,708,936 | 188,772,649 | |
| Junior lien bonds | 44,587,324 | 50,498,804 | 50,145,516 | 53,550,614 | 53,166,797 | 52,593,843 | 49,454,156 | 46,571,896 | 45,782,165 | |
| Total All Bonds | $ 249,432,319 | $ 261,129,322 | $ 242,858,798 | $ 235,847,946 | $ 230,162,876 | $ 245,783,258 | $ 239,172,263 | $ 232,280,832 | $ 234,554,814 | |
| Rate Covenant Basis Debt Service Coverage | | | | | | | | | | |
| Senior lien bonds | 2.03 | 2.06 | 2.17 | 2.35 | 2.92 | 2.15 | 2.11 | 2.04 | 2.02 | |
| Senior and second lien bonds | 1.50 | 1.54 | 1.72 | 1.68 | 1.97 | 1.64 | 1.62 | 1.56 | 1.51 | |
| All bonds, including SRF junior lien | 1.23 | 1.24 | 1.37 | 1.30 | 1.51 | 1.29 | 1.29 | 1.25 | 1.21 | |

[1] DWSD Local Systems Receipts is net of the GLWA Local System Charges which is paid from the local system receipts.
[2] For years prior to 2022 a different methodology was used. A calculation was performed to determine the cash basis disbursements from the operations fund.
[3] The legacy pension obligations reflects only the Legacy Pension Obligation as defined in Section 504 (c) of the Water Master Bond Ordinance.
[4] Calculated on a debt set aside basis consistent with rate covenant basis for rate determination purposes.

* GLWA started operations on January 1, 2016. Due to the bifurcation from DWSD the Rate Covenant Basis cannot be computed for 2016.

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## DEMOGRAPHIC AND ECONOMIC INFORMATION

Demographic and economic information is intended to show the socioeconomic environment within which the Authority operates.

# GREAT LAKES WATER AUTHORITY

Schedule 13

SERVICE AREA DEMOGRAPHICS
Last Ten Years

| Year | | Population (1) | Unemployment (2) | Per Capita Income (3) | | Total Debt Service (5) | Debt Per Capita | Debt Service as a Percentage of Income |
|---|---|---|---|---|---|---|---|---|
| **Water Fund** | | | | | | | | |
| 2025 | | 3,800,000 | 4.9% | $ 72,114 | (4) | $ 207,189,647 | $ 54.52 | 0.08% |
| 2024 | | 3,800,000 | 4.3% | 63,794 | (4) | 205,677,204 | 54.13 | 0.08% |
| 2023 | | 3,800,000 | 3.6% | 60,837 | (4) | 192,800,887 | 50.74 | 0.08% |
| 2022 | | 3,800,000 | 3.8% | 61,322 | | 176,589,315 | 46.47 | 0.08% |
| 2021 | | 3,800,000 | 6.2% | 60,488 | | 179,214,379 | 47.16 | 0.08% |
| 2020 | | 3,800,000 | 11.5% | 56,901 | | 172,869,073 | 45.49 | 0.08% |
| 2019 | | 3,800,000 | 4.3% | 52,855 | | 167,966,454 | 44.20 | 0.08% |
| 2018 | | 3,800,000 | 4.3% | 51,429 | | 172,549,891 | 45.41 | 0.09% |
| 2017 | | 3,800,000 | 4.6% | 49,309 | | 175,010,011 | 46.06 | 0.09% |
| 2016 | * | 3,800,000 | 5.3% | 48,092 | | 171,138,525 | 45.04 | 0.09% |
| **Sewage Disposal Fund** | | | | | | | | |
| 2025 | | 2,800,000 | 4.9% | $ 72,114 | (4) | $ 249,432,319 | $ 89.08 | 0.12% |
| 2024 | | 2,800,000 | 4.3% | 63,794 | (4) | 261,129,322 | 93.26 | 0.15% |
| 2023 | | 2,800,000 | 3.6% | 60,837 | (4) | 242,858,798 | 86.74 | 0.14% |
| 2022 | | 2,800,000 | 3.8% | 61,322 | | 235,847,946 | 84.23 | 0.14% |
| 2021 | | 2,800,000 | 6.2% | 60,488 | | 230,162,876 | 82.20 | 0.14% |
| 2020 | | 2,800,000 | 11.5% | 56,901 | | 245,783,258 | 87.78 | 0.15% |
| 2019 | | 2,800,000 | 4.3% | 52,855 | | 239,172,263 | 85.42 | 0.16% |
| 2018 | | 2,800,000 | 4.3% | 51,429 | | 232,280,832 | 82.96 | 0.16% |
| 2017 | | 2,800,000 | 4.6% | 49,309 | | 234,554,814 | 83.77 | 0.17% |
| 2016 | * | 2,800,000 | 5.3% | 48,092 | | 228,570,571 | 81.63 | 0.17% |

(1) Source: Estimated based on data from Southeast Michigan Council of Governments (SEMCOG).

(2) Source: Bureau of Labor Statistics (BLS) Detroit-Warren-Dearborn MSA Annual Average (For 2025 the average rate through September was used). The Detroit-Warren-Dearborn Metropolitan Statistical Area (MSA) is comprised of six counties: Wayne, Oakland, Macomb, Livingston, Lapeer and St. Clair. This represents the majority of the service area customers. (Prior year amounts have been updated to match current information from BLS)

(3) Source: FRED Economic Data, St. Louis Fed (Prior year amounts have been updated to match current information from FRED)

(4) Source: Michigan State University Center for Economic Analysis (Prior year amounts have been updated to match current information from MSU)

(5) Debt service is based on set aside debt service requirements for the fiscal year which includes the subsequent year July 1st debt payment.

* GLWA assumed operations on January 1, 2016. Data for 2016 includes six months of operation under DWSD and six months of operation under GLWA.

# GREAT LAKES WATER AUTHORITY

LARGEST EMPLOYERS

Current Year and 9 years prior

| | | Fiscal Year 2025 | | | Fiscal Year 2016 | | |
|---|---|---|---|---|---|---|---|
| Employer | Type of Business | Full- Time Employees (a) | Rank | Percent of Total Employment (b) | Full- Time Employees (c) | Rank | Percent of Total Employment (d) |
| Ford Motor Co. | Automobile Manufacturer | 47,750 | 1 | 2.31% | 47,000 | 1 | 2.34% |
| Henry Ford Health System | Health Care System | 44,561 | 2 | 2.15% | 16,919 | 7 | 0.84% |
| University of Michigan | Public University and Health System | 39,392 | 3 | 1.90% | 31,655 | 4 | 1.57% |
| General Motors Co. | Automobile Manufacturer | 36,203 | 4 | 1.75% | 36,628 | 3 | 1.82% |
| Stellantis NV (Formerly FCA US LLC) | Automobile Manufacturer | 33,327 | 5 | 1.61% | 32,508 | 2 | 1.62% |
| Corewell Health (formerly Beaumont Health) | Health Care System | 22,423 | 6 | 1.08% | 25,721 | 5 | 1.28% |
| U.S. Government | Federal Government | 22,193 | 7 | 1.07% | 18,862 | 6 | 0.94% |
| Amazon.com Inc. | E-Commerce, tech and telecom | 14,897 | 8 | 0.72% | n/a | n/a | n/a |
| Trinity Health Michigan | Health Care System | 14,335 | 9 | 0.69% | 15,214 | 9 | 0.76% |
| State of Michigan | State Government | 10,228 | 10 | 0.49% | n/a | 14 | n/a |
| Illitch Companies | Food, Sports, and Entertainment | n/a | n/a | n/a | 14,237 | 8 | 0.71% |
| Rock Ventures | Umbrella managing a portfolio of companies, investments and real estate | n/a | n/a | n/a | 11,271 | 10 | 0.56% |
| Total | | 285,309 | | 13.78% | 250,015 | | 12.43% |

(a) January 2025 Employment data from Largest Employers in the Detroit Area - Ranked by full-time employees as of 2025 in the March 31st, 2025 Crain's Detroit Business

(b) Percentage base on U.S. Bureau of Labor Statistics from January 2025 of 2,070,618 for the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area

(c) Employment data for July 2016 from Largest Southeast Michigan Employers - Ranked by full-time employees from Crain's Detroit Business issued December 26, 2016

(d) Percentage base on U.S. Bureau of Labor Statistics from July 2016 of 2,011,775 for the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area

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## OPERATING INFORMATION

Operating information is intended to show contextual information about the Authority's operations and resources to assist in using financial statement information to understand and assess the Authority's economic condition.

# GREAT LAKES WATER AUTHORITY

## PRODUCED AND BILLED WATER VOLUMES (Mcf)

| | | Water Sales Volume | | | | |
|---|---|---|---|---|---|---|
| Fiscal Year | Water Produced [1] | Wholesale Billed [2] | Local System Billed [3] | Total Water Billed | Estimated Non-Revenue Water | Estimated Non-Revenue Water as % of Production |
| 2025 | 19,997,800 | 12,997,400 | 4,163,700 | 17,161,100 | 2,836,700 | 14.2% |
| 2024 | 19,601,200 | 12,888,500 | 4,209,100 | 17,097,600 | 2,503,600 | 12.8% |
| 2023 | 21,159,700 | 13,838,200 | 4,342,400 | 18,180,600 | 2,979,100 | 14.1% |
| 2022 | 19,725,700 | 13,205,300 | 4,297,300 | 17,502,600 | 2,223,100 | 11.3% |
| 2021 | 20,565,800 | 14,258,300 | 4,120,000 | 18,378,300 | 2,187,500 | 10.6% |
| 2020 | 19,989,500 | 13,578,700 | 4,161,300 | 17,740,000 | 2,249,500 | 11.3% |
| 2019 | 20,968,100 | 13,708,600 | 4,354,600 | 18,063,200 | 2,904,900 | 13.9% |
| 2018 | 23,228,600 | 14,391,800 | 4,428,200 | 18,820,000 | 4,408,600 | 19.0% |
| 2017 | 23,915,600 | 14,824,000 | 4,465,800 | 19,289,800 | 4,625,800 | 19.3% |
| 2016 * | 23,580,700 | 14,730,400 | 4,649,100 | 19,379,500 | 4,201,200 | 17.8% |

The table for historical water sales and reported total water production presents water volume in thousands of cubic feet ("Mcf") for suburban wholesale customers, for the Retail Water Customers, and for the Regional Water System as a whole, together with total water production and non-revenue water volume. As is common for all large water systems, the Regional Water System experiences a differential between the quantity of water produced by the treatment plants during the fiscal year and the quantity of water billed to customers over the same period, and the difference is referred to as "non-revenue water." Non-revenue water results from a variety of factors such as the range of accuracy of production and retail meters, losses due to leaks or major breaks in the transmission and distribution systems, unmetered water that is used for fire protection, and the accuracy of estimates for unmetered use. The Authority believes that improvements in the accuracy of the reported production figures may reduce the level of non-revenue water. Production at some of the water plants is not metered, but rather is estimated based on pump curves. The data continues to be reviewed, and the Authority has initiated efforts to measure production figures and refine production estimating techniques.

The schedule of charges for each of the wholesale customers consists of a fixed monthly charge and a commodity charge applied to monthly metered water usage. While the overall methodology used to determine charges for each customer is uniform, the service charge schedule for each customer is unique, reflecting the specific volumes, peak demands, and other demographic information in their individual contracts. Charges are designed to recover 60% of the revenue requirement via fixed monthly charges, with the other 40% generated by commodity charges.

[1] Represents, in part, estimated volumes based on pump curves and engineering analysis. GLWA engineering studies in 2017 concluded that the total water production values for calendar year 2016 were over-reported by 5.8%.

[2] Represents metered amounts for all suburban wholesale customers, with the exception of Dearborn which is based on self-reported billed volumes (including local system losses), and Highland Park, which is based on estimated volumes.

[3] The GLWA charges the DWSD local system a flat charge based on average historical usage from DWSD retail billings data adjusted for water loss. These amounts reflect retail water sales as reported by DWSD plus estimated real and apparent losses in the local distribution system based on engineering studies.

* GLWA assumed operations on January 1, 2016. Data for 2016 includes six months of operation under DWSD and six months of operation under GLWA.

Source: Great Lakes Water Authority Financial Services Area and the Foster Group

# GREAT LAKES WATER AUTHORITY

Schedule 16

WASTEWATER VOLUMES (Mgd)

| Fiscal Year | | Wastewater Influent [1] | Master Metered Sanitary Volume | Non-Sanitary Volume | Unmetered [2] Sanitary Volume | Unmetered [2] Non-Sanitary Volume |
|---|---|---|---|---|---|---|
| 2025 | * | 551.440 | 131.205 | 132.435 | 62.162 | 225.639 |
| 2024 | | 578.105 | 129.163 | 140.725 | 62.644 | 245.573 |
| 2023 | | 533.677 | 128.925 | 112.269 | 62.920 | 229.563 |
| 2022 | | 737.980 | 132.968 | 187.440 | 61.591 | 355.981 |
| 2021 | | 564.497 | 132.664 | 111.157 | 57.913 | 262.762 |
| 2020 | | 632.381 | 128.857 | 156.844 | 59.490 | 287.191 |
| 2019 | | 698.471 | 134.563 | 167.698 | 65.444 | 330.765 |
| 2018 | | 656.612 | 136.775 | 145.231 | 65.789 | 308.817 |
| 2017 | | 685.711 | 133.914 | 157.747 | 57.983 | 336.068 |
| 2016 | ** | 597.988 | 134.505 | 128.906 | 59.030 | 275.547 |

Wastewater volumes are monitored by GLWA operations and engineering teams throughout the year then go through a formal review and approval process over a period of six to nine months following the end of the fiscal year. The formal, annual, data analytic review is led by an outside consultant. As part of this process preliminary data is shared with member partners to confirm. Current and historic data does change at times as system improvements are made and reporting refinements occur.

The GLWA Sewer Charge Methodology uses historical wastewater volumes to allocate annual revenue requirements to the member partners based on historical wastewater volumes, and recovers the allocated revenue requirements via fixed monthly charges.

[1] Represents total influent volume to the System, including volumes treated and discharged at the Water Resource Recovery Facility and volumes discharged via Combined Sewer Overflow facilities.

[2] The GLWA Sewer Charge Methodology assigns a portion of the unmetered non-sanitary flow volume as a "system" responsibility allocable to all member partners. The remaining amount of unmetered non-sanitary flow and the unmetered sanitary flow is assigned to unmetered customers, which includes the Local System and certain wholesale customers.

* Data is preliminary

** GLWA assumed operations on January 1, 2016. Data for 2016 includes six months of operation under City of Detroit Water and Sewerage Department (DWSD) and six months of operation under GLWA.

## GREAT LAKES WATER AUTHORITY

Schedule 17

ADDITIONAL SUMMARY STATISTICS

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Asset Statistics - Water** | | | | | | | | | | |
| Water Treatment Plants | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Intake Facilities | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Booster Pumping Stations | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Water Storage Reservoirs | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| Miles of Transmission Lines | 797 | 797 | 816 | 816 | 816 | 816 | 816 | 803 | 803 | 803 |
| **Capital Asset Statistics - Sewer** | | | | | | | | | | |
| Water Resource Recovery Facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Major Interceptors | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Pump Stations [1] | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Combined Sewer Overflow Facilities: | | | | | | | | | | |
| Retention Treatment Basins [2] | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Flow-through Type Facilities | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Miles of Trunk Sewers and Interceptors | 207 | 207 | 195 | 195 | 195 | 195 | 195 | 181 | 181 | 181 |
| **GLWA Employees** | | | | | | | | | | |
| Water Operations | 247 | 226 | 217 | 203 | 211 | 211 | 213 | 205 | 180 | 155 |
| Sewage Disposal Operations | 332 | 312 | 289 | 298 | 320 | 344 | 369 | 358 | 342 | 320 |
| Centralized Services | 337 | 325 | 321 | 295 | 298 | 302 | 295 | 276 | 249 | 217 |
| Administrative Services | 184 | 182 | 181 | 152 | 156 | 152 | 147 | 129 | 110 | 90 |
| Total Employees | 1,100 | 1,045 | 1,008 | 948 | 985 | 1,009 | 1,024 | 968 | 881 | 782 |

[1] GLWA operates nine pump stations. This count includes four pump stations that are owned by DWSD and operated by GLWA under a shared services agreement.

[2] GLWA operates nine CSO facilities. This count includes one retention treatment basin that is owned by DWSD and operated by GLWA under a shared services agreement.

Financial Services Area
735 Randolph, Suite 1608
Detroit, Michigan 48226

# APPENDIX V
# SYSTEM CONSULTANT OPINION LETTER

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# THE FOSTER GROUP

THE FOSTER GROUP, LLC
12719 WENONGA LANE
LEAWOOD, KS 66209

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

May 19, 2026

Ms. Sue Coffey, Chief Executive Officer
Great Lakes Water Authority
735 Randolph Street
Detroit, Michigan 48226

Dear Ms. Coffey:

The purpose of this letter is to summarize the conclusions of the independent analysis of the financial forecast of the Authority (the "Authority Projected Financial Operations") for Fiscal Years 2026 through 2031 included as an appendix to the official statement (the "Official Statement") prepared by the Authority in connection with its issuance of its (a) $30,155,000 Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2026A; (b) $179,565,000 Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2026B; and (c) $30,020,000 Sewage Disposal System Revenue Senior Lien Bonds, Series 2026C (collectively, the "Series 2026 Bonds"). The Series 2026 Bonds are being issued to pay costs of capital improvements for the Authority's regional sewer system (the "Sewer System") and to refund certain outstanding bonds of the Sewer System.

This letter is intended to serve as the System Consultant's Report in support of the issuance of the Series 2026 Bonds. Principals of THE FOSTER GROUP prepared every financial feasibility report published in conjunction with the revenue bonds issued by the Authority and the Detroit Water and Sewerage Department (the predecessor to the Authority) from 1989 through 2024. Starting with the issuance of bonds in 2025, the Authority began preparing financial forecasts independently. THE FOSTER GROUP served as System Consultant for the issuance of those bonds and has been engaged to provide such services in conjunction with the Series 2026 Bonds. The Authority's financial forecast included as Appendix II – Projections to this Official Statement have been directly prepared by the Authority. The intent of this System Consultant's Report is to opine on the reasonableness of the forecasts set forth in that appendix.

In conducting the analysis, THE FOSTER GROUP has reviewed the following tables which are included in Appendix II to this Official Statement.

- Table II-1: Regional Sewer System Capital Improvement Plan Summary
- Table II-2: Regional Sewer System Capital Improvement Plan Projected Funding Sources
- Table II-3: Local Sewer System Capital Improvement Plan Projected Funding Sources

- Table II-4: Combined Regional and Local Sewer Systems Financial Projection for Fiscal Years 2026 through 2031
- Table II-5: Combined Regional and Local Sewer Systems Summary of New Debt for Capital Improvement Funding
- Table II-6: Regional Sewer System Projected Revenues, Expenses and Changes in Net Position
- Table II-7: Regional Sewer System Projected Cash and Investment Balances

We have also reviewed the results of the final pricing and sale of the Series 2026 Bonds, and the potential impact of the modified debt service on future financial results.

In conducting our analyses and formulating our opinions expressed herein, we reviewed the books, records, agreements, capital improvement programs and other information produced by the Authority as we deemed necessary. While we consider such books, records, and other documents to be reliable, we have not verified the accuracy of these documents.

As a result of our investigations and analysis, we have formulated the following opinions:

1. The overall projections contained in Appendix II are reasonable given known and assumed conditions.

2. While faced with additional capital expenditures to ensure reliability of service and implement recommendations from the Authority's Sewer System master plan, the projected increases in the Authority's wholesale sewer charges through 2031 are comparable to what has recently been experienced by other large wholesale providers.

3. The Authority's organizational documents establish financial planning guiding principles that are designed to ensure responsible financial performance, balancing service requirements and impacts on Customers, and to result in continued improvements in the current financial position of the Sewer System, including reported debt service coverage and liquidity balances.

4. The Authority's financial plan is sound, supported by gradual revenue adjustments, and is expected to be sufficient to adequately fund the CIP and other programs necessary to meet Sewer System obligations.

5. The revenues pledged as security for the Series 2026 Bonds are projected to be sufficient to comply with debt service coverage ratios set forth in the rate covenant required by the Master Bond Ordinance and the targets established by Authority's financial planning goals and objectives. These coverage ratios are forecasted to increase, supporting the Authority's strategy to further de-leverage the Sewer System. Lower than forecasted debt service associated with the new money component of the Series 2026 Bonds, coupled with debt service savings resulting from the refunding component of the Series 2026 Bonds, should produce enhanced debt service coverage ratios compared to prior published forecasted ratios and the forecast contained in Appendix II, which does not reflect these potential savings.

6. In addition, as System Consultant, THE FOSTER GROUP has independently prepared "Additional Bonds Test" calculations for the Authority's Sewer System. The results of such analyses are summarized below. The requirements contained in the Master Bond Ordinance authorizing the issuance of the Series 2026 Bonds have been met, as our calculated Additional Bonds Test coverage ratios exceed the ratios required by the Master Bond Ordinance.

## Compliance with Additional Bonds Test

The "Additional Bonds Test" (the "ABT") of the Master Bond Ordinance governing issuance of the Series 2026 Bonds provides two approaches for certifying eligibility to issue the bonds. For any bonds that are structured to provide new capital financing proceeds, the test requires a net revenues analysis to show coverage of maximum annual future debt service. An alternate test is available for bonds that are issued solely for refunding purposes. Since the 2026 Bonds contain a new money component, the coverage test is required to certify compliance with the ABT.

### *Coverage Test*

The coverage test portion of the ABT states that the Authority may not issue additional securities to finance system improvements unless the applicable net revenues of the Sewer System generate sufficient coverage of the maximum future annual principal and interest requirements on the outstanding bonds and on the additional bonds issued. The coverage requirement for each lien of priority includes debt service for the lien in question, plus debt service on all bonds (if any) of all higher lien priorities. Sufficient coverage is defined as being equal to or greater than 1.20 for Senior Lien Bonds, 1.10 for Second Lien Bonds, and 1.00 for all bonds, including Junior Lien Bonds. For purposes of determining the "applicable" net revenues, the Authority may utilize either (a) the historical net revenues for the most recently completed fiscal year for which there is an audit report (so long as the fiscal year has been completed within 16 months of the issuance date of the bonds in question); (b) the current fiscal year; or (c) the immediately succeeding fiscal year. To the extent that a historical year is chosen as the "applicable" year, and to the extent that any changes in rates, fees and charges has been authorized prior to the issuance of the bonds being evaluated, net revenues may be augmented by an amount reflecting the effect of such changes had the Sewer System's billings during such fiscal year been at the increased charges.

The following table presents the level of ABT coverage provided for the Series 2026 Bonds. For purposes of the test, we have prepared calculations of "ABT Net Revenues" for the most recently completed fiscal year (2025) and the current and immediately succeeding fiscal years (2026 and 2027). The projected revenue and net revenue figures are consistent with those presented in Table II-4 in Appendix II. While the ABT technically only requires compliance with any one of the applicable test periods, this table presents capacity under both applicable "projected" test periods – and the historical test period based on the audited 2025 financial results.

**Ability of the Sewer System to Meet the Additional Bonds Test for Issuance of the Series 2026 Bonds**

| Line No. | | | Historical Test | Prospective Test | |
|---|---|---|---|---|---|
| | | | Audited Year FY 2025 *(a)* | Current Year FY 2026 | Succeeding Year FY 2027 |
| | | | $ | $ | $ |
| 1 | Revenues | | 600,482,400 | 640,798,100 | 663,781,200 |
| 2 | Operating Expenses | | (292,548,500) | (297,656,300) | (300,494,500) |
| 3 | Net Revenues | | 307,933,900 | 343,141,800 | 363,286,700 |
| | Allowable Max Future Debt Service | | | | |
| 4 | Senior Lien Bonds | *1.20* | 256,611,600 | 285,951,500 | 302,738,900 |
| 5 | Senior and 2nd Lien Bonds | *1.10* | 279,939,900 | 311,947,100 | 330,260,600 |
| 6 | All Bonds, Including SRF Jr Lien | *1.00* | 307,933,900 | 343,141,800 | 363,286,700 |
| | Maximum Future Debt Service | | | | |
| 7 | Senior Lien Bonds | *in 2032* | 167,966,400 | 167,966,400 | 167,966,400 |
| 8 | Senior and 2nd Lien Bonds | *in 2027* | 221,607,100 | 221,607,100 | 221,607,100 |
| 9 | All Bonds, Including SRF Jr Lien | *in 2034* | 282,846,600 | 282,846,600 | 282,846,600 |
| | Additional Bonds Test Coverage Ratio | | | | |
| 10 | Senior Lien Bonds | | 1.83 | 2.04 | 2.16 |
| 11 | Senior and 2nd Lien Bonds | | 1.39 | 1.55 | 1.64 |
| 12 | All Bonds, Including SRF Jr Lien | | 1.09 | 1.21 | 1.28 |

*(a) Rate Covenant Basis as reported by GLWA*

It has been a pleasure to be of service to the Authority on this matter.

Very truly yours,

THE FOSTER GROUP

Bart Foster
President

## APPENDIX VI
## DEFINITIONS

In addition to the terms defined elsewhere in this Official Statement, the following terms shall have the following meanings when used in this Official Statements.

"Accountant" means an independent certified public accountant or a firm of independent certified public accountants having a favorable reputation for skill in performing similar duties to the duties imposed on the Accountant under the Bond Ordinance selected by GLWA Board.

"Act 34" means Public Acts of Michigan, 2001, as amended.

"Additional Bonds" means sewage disposal revenue bonds or sewage disposal revenue refunding bonds of GLWA of equal standing with or subordinate to the DWSD Sewer Bonds of any Priority of Lien, issued under and in accordance with the Ordinance for the purposes set forth therein.

"Additional Bonds Debt Service Coverage" means, for purposes of issuing Additional Bonds under the Bond Ordinance and for each Priority of Lien, a number equal to Projected Net Revenues in the then current or next succeeding Fiscal Year, or Historical Net Revenues, all as determined by GLWA, divided by Maximum Annual Debt Service for such Priority of Lien and any higher Priority of Lien.

"Applicable Laws" means all laws, rules, regulations, ordinances, permit and license requirements, and orders of courts, governmental officials and agencies of competent jurisdiction with respect to the Leased Sewer Facilities or which generally relate to the Leased Sewer Facilities.

"Authority Regional Construction Account" means the account of the Construction Fund for the Regional Sewer System created pursuant to the Bond Ordinance.

"Authority Regional Improvement and Extension Account" means the account of the Improvement and Extension Fund for the Regional Sewer System created pursuant to the Bond Ordinance.

"Authority Regional Operation and Maintenance Account" means the account of the Operation and Maintenance Fund created pursuant to the Bond Ordinance.

"Authority Revenue Requirement" means the sum of the projected expenses and revenue requirements for the Regional Sewer System for each Fiscal Year, including without limitation all of the following: (a) Operation and Maintenance Expenses of the Regional Sewer System; (b) the amounts necessary to pay the principal of and interest on all Bonds and to restore any reserves therefor established in the Bond Ordinance; (c) the Lease Payment, which shall be a common-to-all charge; (d) the Authority Pension Obligation and the Authority BC Note Obligation; (e) the amount necessary to be deposited to the WRAP Fund, which shall be a common-to-all charge equal to 0.5% of the base budgeted operating Revenues for the Regional Sewer System for such Fiscal Year; (f) the amounts needed to make the required deposits to the Authority Regional Extraordinary Repair and Replacement Account of the Extraordinary Repair and Replacement Reserve Fund and the Authority Regional Improvement and Extension Account of the Improvement and Extension Fund in the Bond Ordinance; and (g) the amount necessary to satisfy the coverage ratios required by the rate covenant in the Bond Ordinance (collectively, the "Rate Covenant").

"Authorized Officer" means the Chief Executive Officer, the Chief Financial Officer, or any officer designated by GLWA Board or the designee of any of them.

“Bankruptcy Case” means the City’s Chapter 9 Bankruptcy Case No. 13-53846 in the Bankruptcy Court.

“Bankruptcy Court” means the United States Bankruptcy Court, Eastern District of Michigan, Southern Division.

“Bankruptcy Order” means the Order Pursuant to (I) 11 U.S.C. §§ 105, 364(c), 364(d)(1), 364(e), 902, 904, 921, 922, and 928 (A) Approving Post Petition Financing and (B) Granting Liens and (II) Bankruptcy Rule 9019 Approving Settlement of Confirmation Objections, entered August 25, 2014 in the Bankruptcy Case.

“BC Note Obligation’ means, collectively, the debt service on (a) the City of Detroit Financial Recovery Bonds, Series 2014B(1) and Series 2014B(2), dated December 10, 2014, and (b) the City of Detroit Financial Recovery Bonds, Series 2014C, dated December 10, 2014, which bonds were issued to satisfy in whole or in part claims relating to the City’s pension obligation certificates and post-retirement health benefits.

“Bond” or “Bonds” means, regardless of Priority of Lien, any DWSD Sewer Bonds, established and created by the City and outstanding under Ordinance No. 18-01 and any Series of Additional Bonds established and created by GLWA under the Bond Ordinance and issued pursuant to a Series Ordinance, and Reimbursement Obligations and Junior Lien Reimbursement Obligations of any Priority of Lien established and created under Ordinance No. 18-01 or by a Series Ordinance.

“Bond Counsel” means a firm of nationally recognized bond counsel acceptable to GLWA.

“Bond Fund” means, collectively, the Bond Interest and Redemption Funds created pursuant to the Bond Ordinance.

“Bond Interest and Redemption Fund” means each fund for the payment of Debt Service for each Series of Bonds of the same Priority of Lien.

“Bond Ordinance” means Master Bond Ordinance No. 2015-02 adopted by the GLWA Board on October 7, 2015, as from time to time restated, amended or supplemented by Supplemental Ordinances in accordance with the terms and provisions thereof.

“Bond Payment Date” means any of the dates specified in a Series Ordinance for payment of interest, or interest and principal on the Bonds.

“Bond Reserve Account” means collectively, the Senior Lien Bond Reserve Account and the Second Lien Bond Reserve Account Fund created pursuant to the Bond Ordinance.

“Bondholder” or “Holder” or any similar term means any person or party who shall be the registered owner of any Bond.

“Budget Stabilization Fund” means the fund created pursuant to the Bond Ordinance.

“Budget Stabilization Requirement” means with respect to the Local Sewer System, an amount calculated each Fiscal Year equal to (A) two times a number equal to twenty percent of the average bad debt expense of Retail Sewer Customers as a class for the two preceding Fiscal Years based on audited financial statements (or unaudited statements if audited statements are not available), which amount shall be funded from Retail Revenues initially in thirds over three Fiscal Years beginning in Fiscal Year 2016, or (B) such other amount specified by GLWA Board by supermajority (5/6) vote.

"Business Day" means a day other than (i) Saturday, Sunday or a legal holiday, (ii) a day on which the Trustee is authorized or required to remain closed, (iii) a day on which the New York Stock Exchange is closed or (iv) a day on which the Federal Reserve is closed.

"Capital Improvement Program" means the ongoing program of capital improvements for the Leased Sewer Facilities, as the same may be modified from time to time by GLWA.

"CIPs" means, collectively, the Capital Improvement Program and the Detroit Capital Improvement Program.

"Chief Executive Officer" means the Chief Executive Officer of GLWA.

"Chief Financial Officer" means the Chief Financial Officer of GLWA.

"Common-to-all" means the method or methods for allocating to wholesale customers of the Regional Sewer System and Retail Sewer Customers the cost of sewage disposal service provided by the Regional Sewer System that benefits both wholesale customers and Retail Sewer Customers, which allocation is determined on a case by case analysis of the benefits derived from each customer class from such service.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations, rulings and court decisions thereunder, as the context may require.

"Construction Fund" means the fund created pursuant to the Bond Ordinance.

"Credit Entity" means, with respect to a Series of Bonds or a maturity of such Series, a commercial bank, a bond insurance company, any other financial institution or combination of such financial institutions or governmental entity which issues a Credit Facility for such Series of Bonds or maturities but only while such Credit Facility is outstanding or Reimbursement Obligations or Junior Lien Reimbursement Obligations or other amounts are outstanding under any written agreement with a Credit Entity pursuant to which a Credit Facility is issued.

"Credit Facility" means one or more credit facilities with respect to a Series of Bonds or maturity of such Series consisting of an irrevocable and unconditional letter of credit, line of credit, standby bond purchase agreement, municipal bond insurance policy, surety bond, liquidity facility, or other credit enhancement facility or other liquidity facility issued by a Credit Entity as described in the Bond Ordinance to provide monies for the purpose of paying the principal (whether upon tender or upon maturity or redemption) of and the interest on such Series of Bonds, but only while such Credit Facility is outstanding.

"Debt Service" means with respect to Bonds of each Priority of Lien, the amount scheduled to become due and payable annually on all Outstanding Bonds as (i) interest, exclusive of interest capitalized on such Outstanding Bonds and paid from the proceeds of a Series of Bonds or investment earnings on such capitalized interest, plus (ii) principal, plus (iii) Mandatory Redemption Requirements. For purposes of calculating Debt Service:

(i) All principal payments shall be deemed to be made as and when the same shall become due or upon mandatory redemption;

(ii) Outstanding Variable Rate Bonds shall be deemed to bear interest during any period after the date of calculation at a fixed annual rate equal to the weighted average of the actual rates on such Variable Rate Bonds for each day during the 365 consecutive days (or any lesser period such Variable Rate Bonds have been Outstanding) ending on the last day of the month next preceding the date of calculation, or at the effective fixed annual rate thereon as a result of a Swap Agreement with respect thereto; provided, that such effective fixed annual rate for Variable Rate Bonds subject to a Swap Agreement must be utilized as long as such Swap Agreement is contracted to remain in full force and effect, and provided further, that for purposes of establishing compliance with the requirements of issuing Additional Bonds under the Bond Ordinance, Outstanding Variable Rate Bonds shall be deemed to bear interest as provided for Variable Rate Bonds proposed to be issued in clause (iii) below;

(iii) Variable Rate Bonds proposed to be issued shall be deemed to bear interest at a fixed annual rate equal to the average of the interest rates published in The Bond Buyer Revenue Bond Index during the twelve (12) months preceding the date of issuance of such Variable Rate Bonds, or at the effective fixed annual rate thereon as a result of a Swap Agreement with respect to such Variable Rate Bonds; and provided, that such effective fixed annual rate must be utilized only so long as such Swap Agreement is contracted to remain in full force and effect;

(iv) Any computation of Debt Service shall recognize and give effect to the alternative, rather than the cumulative, nature of obligations on Bonds, including any related Reimbursement Obligations or Junior Lien Reimbursement Obligations to a provider of credit enhancement or a liquidity facility securing payment of such Bonds. The portion of any termination payment constituting regularly scheduled debt service which becomes payable pursuant to the terms of a Swap Agreement shall constitute interest as provided in Act 34.

"Debt Service Installment Requirement" means, as of the first day of the month with respect to each Priority of Lien of Outstanding Bonds, the amounts calculated as described below. For interest payments due on Bonds of such Priority of Lien semiannually, the amount set aside and transferred to the Bond Fund each month for interest on such Bonds shall be 1/6 of the total amount of interest on such Bonds next coming due or such lesser amount as is necessary to assure that the amount set aside in the Bond Fund as of the first day of such month is not less than the product of (a) 1/6 of the amount of interest next due on such Bonds times (b) the number of months elapsed since and including the last interest payment date. For Series of Bonds of such Priority of Lien with more frequent interest payment dates, the amounts set aside each month shall equal one month's accrued interest on such Bonds as provided in the Series Ordinance for such Bonds. For the month immediately prior to each Bond Payment Date the amount set aside and transferred to the Bond Fund to pay interest shall be reduced by investment earnings in the Bond Fund which are available for such purpose and shall be increased by the amount, if any, necessary so that the amount on deposit is sufficient to pay the interest due on such Bond Payment Date. The amount set aside and transferred to the Bond Fund each month for principal on the Bonds of such Priority of Lien shall be one twelfth of the amount of principal next coming due by maturity or as a Mandatory Redemption Requirement or such lesser amount as is necessary to assure that the amount set aside in the Bond Fund as of the first day of such month is not less than the product of (a) one twelfth of the amount of principal next due on such Bonds times (b) the number of months elapsed since and including the last principal payment date, If there is any deficiency in the amount previously set aside, that deficiency shall be added to the next succeeding month's requirement. For the month immediately prior to each Bond Payment Date, the amount set aside and transferred to the Bond Fund to pay principal shall be reduced by investment earnings in the Bond Fund which are available for such purpose and shall be increased by the amount, if any, necessary so that the amount on deposit is sufficient to pay the principal due on such Bond Payment Date. For all purposes of the Bond Ordinance and the Bonds of such Priority of Lien, Term Bonds of such Priority of Lien shall be deemed to come due at the time and in the amounts of the Mandatory Redemption Requirements therefor and the principal amount due on such Term Bonds on the dates of their stated maturities shall be reduced by the Mandatory Redemption Requirements therefor coming due prior to the stated maturities for such Term Bonds. Mandatory Redemption Requirements for Term Bonds may be satisfied by the call of Bonds of such Priority of Lien of the same maturity in principal amount of the Mandatory Redemption Requirement at par and accrued interest or the purchase and surrender to the Trustee of Bonds of the same maturity in the principal amount of the Mandatory Redemption Requirement from monies in the Bond Fund, or purchased with other funds legally available therefor, all as specified in a Series Ordinance.

"Detroit Capital Improvement Program" means the ongoing program of capital improvements for the Detroit Local Sewer Facilities, as the same may be modified from time to time by the City.

"Detroit Local Construction Account" means the account of the Construction Fund for the Local Sewer System created pursuant to the Bond Ordinance.

"Detroit Local Improvement and Extension Account" means the account of the Improvement and Extension Fund for the Local Sewer System created pursuant to the Bond Ordinance.

"Detroit Local Operation and Maintenance Account" means the account of the Operation and Maintenance Fund for the Local Sewer System created pursuant to the Bond Ordinance.

"Detroit Local Sewer Facilities" means those sewage disposal facilities, other than the Leased Sewer Facilities, that are used to provide sewer service directly to Retail Sewer Customers on the Effective Date, all as more fully described in the Water and Sewer Services Agreement and the Lease.

"Detroit Local Water Facilities" means those Water System facilities, other than the Leased Water Facilities, that are used to provide water service directly to Retail Water Customers on the Effective Date, including fire hydrants, all as more fully described in the Water and Sewer Services Agreement and the Water Lease.

"DWSD-R" means the Detroit Water and Sewerage Department, as in existence on and after the Effective Date.

"DWSD Sewer Bonds" means all bonds and other indebtedness of the City secured by a pledge of and a statutory lien on the Net Revenues of the Sewer System and Outstanding immediately prior to the Effective Date, as more fully described in Schedule B to the Lease.

"Event of Default" means an Event of Default as such term is defined in the Bond Ordinance.

"Extraordinary Repair and Replacement Maximum Requirement" means, for any Fiscal Year, 15% of the budgeted Operation and Maintenance Expenses of the Regional Sewer System and the Local Sewer System for such Fiscal Year, less any amount that is withdrawn in the Fiscal Year from the Extraordinary Repair and Replacement Reserve Fund for paying a major unanticipated repair or replacement to the Regional Sewer System or the Local Sewer System pursuant to the Bond Ordinance, but only in the Fiscal Year that such amount is withdrawn.

"Extraordinary Repair and Replacement Minimum Requirement" means, for any Fiscal Year, one twelfth of 3% of the budgeted Operation and Maintenance Expenses of the Regional Sewer System and the Local Sewer System for such Fiscal Year plus such amount as is necessary to restore to the Extraordinary Repair and Replacement Reserve Fund any amount credited to the Improvement and Extension Fund.

"Extraordinary Repair and Replacement Reserve Fund" means the fund created pursuant to the Bond Ordinance.

"Fiscal Year" means the fiscal year and operating year of GLWA which begins on July 1 and ends on the following June 30, as it may be modified.

"Government Obligations" means direct obligations of the United States, its agencies, or, or United States government sponsored enterprises or obligations the payment of principal and interest on which is fully and unconditionally guaranteed by the United States, or its agencies.

"GRS" means the General Retirement System of the City.

"GRS Plan" means the frozen defined benefit plan of the GRS in effect on December 10, 2014, the effective date of the Plan of Adjustment.

"Historical Net Revenues" means, for purposes of issuing Additional Bonds under the Bond Ordinance, (a) the Net Revenues of the Sewer System for either (i) the immediately preceding Fiscal Year for which audited financial statements of GLWA are available, and if not, the audited financial statements of DWSD for such Fiscal Year may be used, or (ii) any audited Fiscal Year ending not more than sixteen months prior to the date of delivery of the Additional Bonds then being issued pursuant to the Bond Ordinance, as determined by GLWA, plus, at the option of GLWA, (b) an amount determined by GLWA in accordance with the Bond Ordinance to equal the effect of any change in the rates, fees and charges of the Regional Sewer System and the Local Sewer System authorized at or prior to the date of sale of the Additional Bonds then being issued pursuant to the Bond Ordinance, as if the Sewer System's billings during such Fiscal Year had been at the increased rates, plus, at the option of GLWA, (c) an amount determined by GLWA in accordance with the Bond Ordinance to equal one hundred percent of the estimated increase in Net Revenues projected to accrue as a result of (i) the acquisition of the repairs, extensions, enlargements and improvements to the Sewer System projected to be paid in whole or in part from the proceeds of the Additional Bonds then being issued pursuant to the Bond Ordinance and (ii) any acquisition, extension or connection which was made subsequent to the end of such Fiscal Year. For purposes of determining Historical Net Revenues, if the first Fiscal Year of such determination is comprised of less than 12 months, then Historical Net Revenues for the complete Fiscal Year shall be the combined Net Revenues of (i) DWSD's partial fiscal year and (ii) GLWA's partial Fiscal Year and shall be used with adjustments to assure no duplication of Revenues in the calculation.

"Improvement and Extension Fund" means the fund used for improvements, enlargements, extensions or betterment of the Sewer System, created pursuant to the Bond Ordinance.

"Insurance Consultant" means an independent person or a firm of persons having skill and experience in dealing with the insurance requirements of municipal sewer systems comparable in size and function to the Sewer System.

"Issuance Costs" means items of expense payable or reimbursable directly or indirectly by or to GLWA and related to the authorization, sale and issuance of Bonds and authorization of the Bond Ordinance, which items of expense shall include, but not be limited to, application fees and expenses, publication costs, printing costs, costs of reproducing documents, filing and recording fees, Bond Counsel, financial and other consultants' fees, initial Trustee's fees, costs and expenses, underwriters' fees and discount, costs of credit ratings, costs of Credit Facilities and charges for execution, transportation and safekeeping of the Bonds and related documents, and other costs, charges and fees in connection with the foregoing.

"Junior Lien Bond Fund" means the fund created pursuant to the Bond Ordinance.

"Junior Lien Bonds" means any Bonds or Series of Bonds, including Second Lien Bonds and SRF Junior Lien Bonds, issued by the City under Ordinance No. 18-01 and Second Lien Bonds, SRF Junior Lien

Bonds, Pension Junior Lien Bonds and any Additional Bonds of a Priority of Lien subordinate thereto issued by GLWA under the Bond Ordinance and pursuant to a Series Ordinance and payable from Net Revenues deposited in the Junior Lien Bond Fund after satisfaction of requirements for funding the Senior Lien Bond Fund, and Junior Lien Reimbursement Obligations established and created by a Series Ordinance.

"Junior Lien Reimbursement Obligations" means any obligations to repay a Credit Entity for payments of Debt Service made with respect to a Series of Junior Lien Bonds, as provided in any written agreement between GLWA and a Credit Entity pursuant to which a Credit Facility is issued, which Junior Lien Reimbursement Obligations may be evidenced by Refunding Bonds or Junior Lien Bonds or contractual undertakings with the Credit Entity; provided, that for purposes of determining Debt Service, reimbursement of expenses, fees and other similar contractual undertakings shall not be included.

"Lease" means the Regional Sewage Disposal System Lease dated June 12, 2015, between the City, as lessor, and GLWA, as lessee, of the Leased Sewer Facilities, as amended from time to time.

"Lease Payment" means the annual payment required to be made by GLWA for the benefit of the City pursuant to the Lease, in consideration for the leasing of the Leased Sewer Facilities to GLWA and the absolute and irrevocable assignment and transfer to GLWA of the Revenues as provided in the Lease and to be applied by GLWA as provided herein.

"Leased Sewer Facilities" means, collectively, all of the City's right, title and interest in and to that portion of the real and tangible personal property comprising a part of the Sewer System and owned by the City and providing sewer service to the wholesale customers of the Regional Sewer System and Retail Sewer Customers up to the point of connection to the Detroit Local Sewer Facilities, including without limitation the land, buildings, basins, pump stations, outfalls, storage facilities, other structures, fixtures (including screens, meters, control gates, interceptors and collection lines), and improvements, and real property interests such as easements, access rights, rights of way, permits, licenses and leases, all as more fully set forth in Schedule A attached to the Lease (the "Real Property"), and any and all tangible personal property such as machinery, equipment, vehicles, furniture, office equipment, software, hardware, security systems, communications systems, other information technology systems and inventory used in connection with the Real Property, including without limitation the personal property that is described in Schedule A attached to the Lease (the "Personal Property"). Leased Sewer Facilities include all improvements and additions to and replacements of the foregoing described Real Property and Personal Property, but do not include the Detroit Local Sewer Facilities.

"Leased Water Facilities" means, collectively, all of the City's right, title and interest in and to that portion of the real and tangible personal property comprising a part of the Regional Water System and owned by the City and providing water service to the wholesale customers of the Regional Water System and Retail Water Customers up to the point of connection to the Detroit Local Water Facilities, all as more fully set forth in the Water Lease.

"Local Sewer System" means that portion of the Sewer System that provides sewer service directly to Retail Sewer Customers, which on the Effective Date consists of the Detroit Local Sewer Facilities.

"Local Water System" means that portion of the Water System that provides water service directly to the Retail Water Customers, which on the Effective Date consists of the Detroit Local Water Facilities.

"Mandatory Redemption Requirement" means as to each Series of Bonds for any year, the principal amount of Bonds of such Series subject to mandatory sinking fund redemption in such year, as provided in the Series Ordinance or Sale Resolution for such Series of Bonds.

“Maximum Annual Debt Service” means, with respect to any given Priority of Lien, the maximum aggregate Debt Service Installment Requirements in any future Fiscal Year on Outstanding Bonds of such Priority of Lien and any Additional Bonds then being issued in accordance with the Bond Ordinance. If any Additional Bonds (any of such, the “Refunding Bonds”) are to be issued to refund Outstanding Bonds (the “Bonds to be Refunded”), the Debt Service Installment Requirements to be used for determining Maximum Annual Debt Service shall include the Debt Service Installment Requirements with respect to the Refunding Bonds and not the Debt Service Installment Requirements with respect to the Bonds to be Refunded.

“Net Proceeds” means in the event of the destruction or taking of any portion of the Leased Sewer Facilities or the Detroit Local Sewer Facilities, the gross proceeds derived by GLWA or the City, as the case may be, from insurance on or condemnation of the Leased Sewer Facilities or the Detroit Local Water Facilities, respectively, less payment of attorneys’ fees, if any, and other expenses properly incurred in the collection thereof.

“Net Revenues” means for any period of time, all Revenues received during such period of time, except for those Revenues transferred to the Operation and Maintenance Fund.

“Operation and Maintenance Expenses” means the reasonable expenses of administration, operation and maintenance of the Regional Sewer System or the Local Sewer System, as the case may be, but shall not include the Required Annual GRS Payment.

“Operation and Maintenance Fund” means the Operation and Maintenance Fund established under the Bond Ordinance. As further provided in the Bond Ordinance, such Fund shall not be part of the Trust Estate held for the benefit of Holders, who shall have no interest in such Fund whatsoever, and any funds on deposit in or credited to such Fund are not and shall not be Pledged Assets.

“Ordinance” means the Bond Ordinance, and shall include the Series Ordinance and Sale Resolution (if any) or Sale Order (if any) of the Chief Executive Officer or other Authorized Officer, for each Series of Bonds.

“Ordinance No.18-01” means Ordinance No. 18-01 of the City, adopted by the City Council of the City on October 18, 2001, and which amended and restated Ordinance No. 27-86 of the City related to the Sewer System.

“Outstanding” means, as of any date and unless otherwise provided in a Series Ordinance, all Bonds which have been authenticated and delivered by the Trustee under Ordinance No. 18-01 and the Bond Ordinance (including tendered Bonds which may be owned by GLWA, from time to time, prior to the remarketing thereof), except:

(i) Bonds (or portions of Bonds) for the payment or redemption of which there shall be held in trust by the Trustee under the Bond Ordinance (whether at or prior to maturity or redemption) (a) monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption or (b) Sufficient Government Obligations in such principal amounts, having such maturities and bearing such interest, as together with the monies described in clause (a), if any, shall be sufficient without reinvestment to pay when due the principal amount or Redemption Price, as the case may be, with interest due to the date of maturity or redemption; provided, that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in Article III or provisions satisfactory to the Trustee shall have been made for giving of such notice:

(ii) Bonds in lieu of or substitution for which other Bonds shall have been authenticated and delivered pursuant to the Bond Ordinance;

(iii) Bonds deemed to have been paid or defeased as provided under the Bond Ordinance; and

(iv) Bonds subject to a mandatory tender which have not been tendered prior to the related tender date which are deemed to have been redeemed.

"Pension Junior Lien Bonds" means Bonds, if any, issued to pay all or any part of the Required Annual GRS Payment, which may only be issued as Junior Lien Bonds with a Priority of Lien subordinate to SRF Junior Lien Bonds.

"Pension Obligation" means the amounts allocable to the Sewer System and required to be paid over time by DWSD and as provided in the Lease, GLWA, in respect of (i) the GRS Plan as provided in the Plan of Adjustment and the Bankruptcy Order and (ii) the BC Note Obligation as provided in the Plan of Adjustment.

"Pension Obligation Payment Fund" means the Pension Obligation Payment Fund established under the Bond Ordinance.

"Permitted Investment" means with respect to any particular amounts, an investment permitted by Act 94, including Government Obligations, and subject to such limitations as imposed under the Bond Ordinance or a Series Ordinance for the investment of such amounts.

"Person" means any natural person, firm, partnership, entity or public body.

"Plan of Adjustment" means the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit, in the Bankruptcy Case, as confirmed by order of the Bankruptcy Court entered on November 12, 2014 and effective on December 10, 2014.

"Pledged Assets" means:

(i) Net Revenues;

(ii) the funds and accounts established by or pursuant to the Bond Ordinance except for the Operation and Maintenance Fund, the Construction Fund and the Rebate Fund and any account of any such fund; and

(iii) investments of amounts or any income or gain realized therefrom credited to any fund, account or subaccount that is a Pledged Asset.

"Priority of Lien" means, with respect to any particular Bonds, all other Bonds having a lien on Pledged Assets on parity with such Bonds.

"Projected Net Revenues" means, the Net Revenues of the Sewer System for any given Fiscal Year, which may include (a) one hundred percent of the estimated increase in Net Revenues projected to result from approved rate increases and (b) in the case of issuing Additional Bonds, for the purpose of determining the Additional Bonds Debt Service Coverage, one hundred percent of the estimated increase in Net Revenues projected to accrue as a result of the acquisition of the repairs, extensions, enlargements and improvements to the Sewer System projected to be paid for in whole or in part from the proceeds of the Additional Bonds.

"Prudent Utility Practices" means those practices, methods, techniques, standards and acts engaged in or approved by a significant portion of the regulated sewer utility industry in the United States or any of the practices, methods, techniques, standards and acts which, in the exercise of reasonable judgment in light of the facts known (or which a qualified and prudent operator could reasonably be expected to have known) at the time a decision is made, would have been expected to accomplish a desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition, in each case related to the operation, maintenance and improvement of similar systems at utility facilities of the same or similar size and type as the Leased Sewer Facilities.

"Rate Covenant Debt Service Coverage" means, for purposes of the rate covenant in the Bond Ordinance and for each Priority of Lien, a number equal to Projected Net Revenues for the Fiscal Year of calculation divided by the aggregate Debt Service Installment Requirements on Bonds for such Fiscal Year, net of funds on hand representing capitalized interest, all for such Priority of Lien and any higher Priority of Lien.

"Rating Agency" means any nationally recognized rating service then rating any of the Bonds.

"Rebate Fund" means the Rebate Fund created pursuant to the Bond Ordinance.

"Receiving Fund" means the Fund required to be established and maintained by GLWA under the Bond Ordinance to which all Revenues of the Sewer System are to be credited and applied as provided in the Bond Ordinance.

"Redemption Price" means the principal of any Bond which has been called for redemption, together with any premium thereon.

"Refunding Bonds" means any Additional Bonds issued to refund Outstanding Bonds pursuant to the Bond Ordinance.

"Regional Sewer System" means that portion of the Sewer System that provides sewer service to the wholesale customers thereof and Retail Sewer Customers up to the point of connection to the Local Sewer System, which on the Effective Date consists of the Leased Sewer Facilities.

"Regional Water System" means that portion of the Water System that provides water service to the wholesale customers thereof and Retail Customers up to the point of connection to the Local Water System, which on the Effective Date consists of the Leased Water Facilities.

"Reimbursement Obligations" means any obligations to repay a Credit Entity for payments of Debt Service made with respect to a Series of Senior Lien Bonds as provided in any written agreement between GLWA (as successor to the City or otherwise) and a Credit Entity pursuant to which a Credit Facility is issued, which Reimbursement Obligations may be evidenced by the Senior Lien Bonds of such Series, Refunding Bonds or contractual undertakings with the Credit Entity; provided, that for purposes of determining Debt Service, reimbursement of expenses, fees and other similar contractual undertakings shall not be included.

"Required Annual GRS Payment" means the amount determined as specified in "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE – Certain Other Funds – The Pension Obligation Payment Fund" herein.

"Required Coverage" means (a) for Senior Lien Bonds, 1.20, (b) for Second Lien Bonds, 1.10, and (c) for any Junior Lien Bonds other than Second Lien Bonds, 1.00.

"Reserve Requirement" means, except as otherwise provided with respect to a particular Series of Bonds in the applicable Series Ordinance pursuant to the Bond Ordinance, an amount equal to the Maximum Annual Debt Service requirements for each Series of Outstanding Senior Lien Bonds, which amount is required to be on deposit or, if permitted by law, otherwise provided for (including, but not limited to, through provision of a letter of credit, surety bond or insurance policy in the same amount and with a credit rating at the time of issuance of such Series of Bonds not less than the credit rating on such Series of Bonds) in the Senior Lien Bond Reserve Account; provided, however, that such requirement may be satisfied by a deposit of Bond proceeds at the time of issuance of a Series of Senior Lien Bonds, or by an accumulation on a scheduled basis of investment earnings or other deposits which will result in an amount equal to the Reserve Requirement for such Series of Bonds being on deposit no later than the date of the last scheduled application of all capitalized interest for such Series; provided, further, that with respect to a Series of Senior Lien Bonds which are proposed to be issued as Variable Rate Bonds, the Reserve Requirement shall be calculated utilizing the assumptions set forth under subparagraph (iii) of the definition of Debt Service; and provided that in no event shall the Reserve Requirement exceed the maximum permitted by the Code. Any Reserve Requirement with respect to one or more Series of Junior Lien Bonds shall be established by the related Series Ordinance, and if no amount is established therein, the Reserve Requirement shall be based on the average annual Debt Service requirement. Notwithstanding the foregoing, (i) in the case of Senior Lien Bonds secured by the Senior Lien Bond Reserve Account, upon satisfaction of the conditions set forth in the Bond Ordinance, the Reserve Requirement for all Outstanding Senior Lien Bonds secured by the Senior Lien Bond Reserve Account, regardless of when issued, at the election of the Authority set forth in a written notice to the Trustee, may be reduced or eliminated, and if reduced, the reduced Reserve Requirement in no event to be in excess of the maximum permitted by the Code, and (ii) in the case of Second Lien Bonds secured by the Second Lien Bond Reserve Account, upon the satisfaction of the conditions set forth in the Bond Ordinance, the Reserve Requirement for all Outstanding Second Lien Bonds secured by the Second Lien Bond Reserve Account, regardless of when issued, at the election of the Authority set forth in a written notice to the Trustee, may be reduced or eliminated, and if reduced, the reduced Reserve Requirement in no event to be in excess of the maximum permitted by the Code. (The Authority has exercised its option to reduce the Reserve Requirement for the Senior Lien Bonds and the Second Lien Bonds, respectively, to zero. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Reserve Accounts and Reserve Requirements Reduction.")

"Retail Customers" means, collectively, the Retail Sewer Customers and the Retail Water Customers.

"Retail Revenues" means Revenues collected from Retail Customers.

"Retail Sewer Customers" means those individual customers located within and outside the City that receive sewer service directly from the Detroit Local Sewer Facilities.

"Retail Water Customers" means those individual customers located within and outside the City that receive water service directly from the Detroit Local Water Facilities.

"Revenue Receipts Fund" means the Revenue Receipts Fund created pursuant to the Bond Ordinance and under GLWA's Regional Sewer System Master Bond Ordinance and held in trust by the Trustee.

"Revenues" means the revenues, including the Retail Revenues, of GLWA from the Sewer System, which shall be construed as defined in Section 3 of Act 94, and shall also include:

(i) amounts received from a Swap Provider under a Swap Agreement, including any amounts payable upon termination thereof;

(ii) income earned and gain realized from the investment of amounts in the various funds, accounts and subaccounts established by the Bond Ordinance other than the Construction Fund for any Fiscal Year in which earnings on the Construction Fund are not credited to the Receiving Fund; and

(iii) all monies collected directly or indirectly by GLWA or by the City, as agent of GLWA, under the Water and Sewer Services Agreement, and deposited or to be deposited into the Receiving Fund under the Bond Ordinance.

"Sale Resolution" or "Sale Order" means a resolution or resolutions of GLWA adopted by GLWA Board in accordance with the Bond Ordinance or an Order of the Chief Executive Officer, Chief Financial Officer or other specified Authority official authorizing the sale of a Series of Bonds in accordance with the terms and provisions of the Bond Ordinance and a Series Ordinance.

"Second Lien Bonds" means the DWSD Sewer Bonds having a second lien on the Net Revenues of the Sewer System that are being assumed by GLWA and any Additional Bonds of equal Priority of Lien.

"Senior Lien Bonds" means the DWSD Sewer Bonds having a first and senior lien on the Net Revenues of the Sewer System that are being assumed by GLWA, and any Additional Bonds of equal Priority of Lien.

"Series" means a Series of Bonds issued and sold pursuant to a Series Ordinance and the Bond Ordinance or Ordinance No. 18-01.

"Series Ordinance" means an ordinance or ordinances, including, if necessary, a Sale Resolution or Sale Order, authorizing the issuance and sale of a Series of Bonds in accordance with the provisions of the Bond Ordinance.

"Sewer System" means, the City's sewage disposal system as existing immediately prior to the Effective Date, which consists on the Effective Date of the Regional Sewer System and the Local Sewer System as the same may be improved from time to time.

"Shared Services Agreement" means the Shared Services Agreement between the City and GLWA relating to the provision of services by the City to GLWA with respect to the Regional Water System and the Regional Sewer System, and the provision of services by GLWA to the City with respect to the operation and management of the Detroit Local Water Facilities and the Detroit Local Sewer Facilities, as it may be amended and supplemented as provided therein.

"SRF" means the Michigan Clean Water State Revolving Fund financing program.

"SRF Junior Lien Bonds" means all SRF Junior Lien Bonds being assumed by GLWA and any Additional Bonds of equal Priority of Lien issued for the purpose of providing improvements to the Sewer System under the SRF and shall be the second Priority of Lien of Junior Lien Bonds.

"State" means the State of Michigan.

"Sufficient Government Obligations" means (a) direct obligations of the United States of America or (b) obligations the principal of and interest on which are fully guaranteed by the United States of America, and which (i) are not redeemable at the option of the issuer and (ii) without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the principal or Redemption Price and interest, respectively, as each becomes due on the Bonds.

"Supplemental Ordinance" means a Series Ordinance or other Ordinance supplemental to the Bond Ordinance and authorized pursuant to the Bond Ordinance.

"Surplus Fund" means the fund created pursuant to the Bond Ordinance.

"Swap Agreement" means any interest rate exchange or swap, hedge or other similar agreement or agreements entered into in connection with the issuance of obligations or other evidences of indebtedness or in connection with GLWA's then Outstanding Senior Lien Bonds or Junior Lien Bonds within the limitations provided by Act 34 or its predecessor statute.

"Swap Provider" means any party with whom GLWA (as successor to the City or otherwise) has or shall enter into a Swap Agreement.

"System Consultant" means any professionally qualified person, firm or corporation nationally recognized in the municipal sewage disposal industry and of favorable reputation for skill and experience in performing the duties of providing consulting services to municipal sewage disposal systems comparable in size and function to the Sewer System, including setting of rates and charges for the use of such systems.

"Trustee" means U.S. Bank Trust Company, National Association or any successor independent bank or trust company qualified and appointed pursuant to the Bond Ordinance to act as Trustee hereunder and any company into which the Trustee may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor Trustee under the Bond Ordinance, or any other bank or trust company at any time substituted in its place pursuant to the Bond Ordinance.

"Variable Rate Bonds" means any Bonds the interest rate on which is not fixed to maturity as of the date of the calculation being performed.

"Water and Sewer Services Agreement" means the Water and Sewer Services Agreement, dated June 12, 2015, between the City and GLWA relating to the provision of water supply service to the Retail Water Customers and sewage disposal service to Retail Sewer Customers, as it may be amended and supplemented as provided therein.

"Water Lease" means the Regional Water Supply System Lease, to be effective on the Effective Date, relating to the lease of the Leased Water Facilities from the City to GLWA.

"Water Lease Payment" means the annual payment required to be made by GLWA for the benefit of the City pursuant to the Water Lease in consideration for the leasing of the Leased Water Facilities to GLWA as provided therein.

"Water System" means the City's water supply system as existing immediately prior to the Effective Date, which on the Effective Date consists of the Regional Water System and the Local Water System, as the same may be improved from time to time.

"WRAP Fund" means the Water Residential Assistance Program Fund created pursuant to the Bond Ordinance, which is a fund independently-administered on behalf of GLWA to provide assistance to indigent residential customers throughout the Water System and the Sewer System.

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**APPENDIX VII**
**SUMMARY OF THE LEASE**

This summary does not purport to be comprehensive or definitive and is subject to all of the terms of the Lease, to which reference is hereby made and copies of which are available on GLWA's website at www.glwater.org or from the Underwriters prior to the execution and delivery of the Series 2026 Bonds and thereafter may be examined or obtained at the expense of the person requesting the same at the corporate trust office of the Trustee.

**General**

On June 12, 2015, the City and GLWA executed (i) the Lease pursuant to which the City agreed to lease to GLWA the Leased Sewer Facilities and (ii) the Water Lease pursuant to which the City agreed to lease to GLWA the Leased Water Facilities. Complete copies of the Lease and the Water Lease are available on GLWA's website at www.glwater.org. On June 27, 2018, certain sections of the Lease and the Water Lease were clarified under the 2018 MOU. For a summary of the 2018 MOU as it relates to the Lease and the Water Lease, see APPENDIX XI - SUMMARY OF 2018 MOU.

Pursuant to the Lease, the City leased the Leased Sewer Facilities and assigned and transferred its interest in all revenues derived from the sale of sewage disposal services to the wholesale customers and the Retail Sewer Customers of the Sewer System to GLWA for the Term. On the Effective Date, the City conveyed to GLWA by lease for the Term all of the City's right, title and interest in and to the Leased Sewer Facilities in order to enable GLWA to operate the Leased Sewer Facilities as provided in the Lease. The City continues to own, operate and be responsible for the operation and maintenance of the Detroit Local Sewer Facilities, which consist of all sewage disposal facilities that provide sewage disposal services directly to the Retail Sewer Customers, all as more particularly described in the Water and Sewer Services Agreement. See APPENDIX IX—Summary of the Water and Sewer Services Agreement.

**Term of the Lease**

The term of the Lease (the "Term") commenced on the Effective Date and shall initially terminate on the 40th anniversary of the Effective Date (the "Initial Lease Termination Date"). Upon the issuance of Additional Bonds by GLWA with a maturity date after the Initial Lease Termination Date, the Initial Lease Termination Date shall automatically, and without further action of the parties to the Lease, be amended to coincide with the date on which all of the Bonds have been paid or provision for payment of all such Bonds has been made in accordance with the Bond Ordinance.

**Assignment and Assumption**

On the Effective Date, GLWA assumed all of the City's obligations under the DWSD Sewer Bonds, including all of the obligations to make payments of principal of and interest on the DWSD Sewer Bonds. In acquiring the Leased Sewer Facilities pursuant to the Lease, commencing on the Effective Date, GLWA also acquired for the Term, and the City absolutely and irrevocably assigned, transferred and conveyed to GLWA, and GLWA purchased and acquired from the City, (i) all of the City's right, title and interest in and to the Revenues, including the Retail Revenues, in existence on the Effective Date, and (ii) all of the City's right, title and interest in and to the Revenues, including Retail Revenues, derived from operation of the Sewer System on and after the Effective Date and through the end of the Term.

In addition, on the Effective Date, the City assigned and GLWA assumed the City's wholesale contracts related to the Regional Sewer System, existing DWSD vendor contracts related to the Regional

Sewer System, the City's rights under the contracts with bond insurers and surety bond providers with respect to the DWSD Sewer Bonds and all other liabilities and obligations of the City with respect to the Leased Sewer Facilities. GLWA also agreed to provide continuing disclosure with respect to information within its control relating to GLWA, the Leased Sewer Facilities and the DWSD Sewer Bonds that the City would otherwise have had to disclose on an annual basis pursuant to continuing disclosure undertakings entered into by the City with respect to the DWSD Sewer Bonds.

**Retirement Obligations**

As further consideration for the acquisition of the Regional Sewer System pursuant to the Lease, the Authority is required to pay that portion of the Pension Obligation allocable to the Regional Sewer System (the "Authority Pension Obligation") and that portion of the BC Note Obligation allocable to the Regional Sewer System (the "Authority BC Note Obligation"). The City agrees that it is liable for and shall be required to pay that portion of the Pension Obligation allocable to the Local Sewer System (the "City Pension Obligation") and that portion of the BC Note Obligation allocable to the Local Sewer System (the "City BC Note Obligation"). Amounts due for the Pension Obligation and the BC Note Obligation shall be allocated between the Authority and the City on the basis that such amounts are payable with respect to employees of the Authority and the City, respectively.

**Rate Setting**

Pursuant to the Lease, the City and GLWA agree that (i) GLWA shall have the exclusive right to establish rates for sewer service for customers of the Sewer System, including Retail Sewer Customers, (ii) GLWA may delegate its rights to establish rates for sewer service to customers of the Sewer System to one or more agents, as it deems necessary or convenient, and (iii) directly or through an agent, GLWA shall have the exclusive right to charge and bill to and collect from such customers amounts from sewer services constituting the Revenues, including the Retail Revenues. Under the Water and Sewer Services Agreement, GLWA has delegated to the City its rights to set and collect rates with respect to Retail Customers of the City.

**Lease Payments**

Part of the consideration for the Lease will be an allocation of $27,500,000 per year (the "Lease Payment"), to be funded from a portion of the common-to-all revenue requirements for the Regional Sewer System. The Lease Payment will be retained by GLWA and applied as provided below. The Lease Payment will flow through the existing flow of funds under the Bond Ordinance, together with other funding requirements, after payment of Operations and Maintenance Expenses. The Lease Payment will not be treated as an Operation and Maintenance Expense and shall be applied solely, at the City's direction and discretion, to the cost of improvements to the Local Sewer System (payable after debt service and pension liability payments in the flow of funds), the payment of debt service on Bonds associated with such improvements or the City's share of debt service on Bonds associated with common-to-all improvements. Any Additional Bonds issued to finance Regional Sewer System improvements or Local Sewer System improvements will be issued by GLWA and will be secured by the Net Revenues.

**Operation of Leased Sewer Facilities**

GLWA agrees to operate the Leased Sewer Facilities for the purpose of furnishing sewer service to its customers in accordance with Applicable Laws and Prudent Utility Practices, all in a manner so as to provide sewer service to customers in the same or an improved manner as was provided by DWSD immediately prior to the Effective Date (collectively, the "Performance Standards"). In connection therewith, GLWA will pay all costs of operating, using, repairing, maintaining, replacing, enlarging, extending, improving, financing and refinancing the Leased Sewer Facilities, including by way of illustration and not by way of limitation, all capital costs, utility rates and charges, fees and other amounts due under existing contracts, taxes and special assessments, salaries and other employment costs, permits and license fees and rents. GLWA has agreed that it will not cause or permit any waste, damage or injury to the Leased Sewer Facilities and to keep the Leased Sewer Facilities in good condition and repair (reasonable wear and tear, obsolescence and damage by act of God, fire or other causes beyond the control of GLWA excepted).

From and after the Effective Date, GLWA is obligated, at its own expense, to keep the Leased Sewer Facilities insured against any casualty loss and shall also obtain and maintain public liability insurance (covering bodily and personal injury, property damage and contractual liability), automobile liability insurance and worker's compensation insurance for the operation of the Leased Sewer Facilities and the Regional Sewer System in commercially reasonable amounts, provided that GLWA is required to carry a particular type of insurance coverage as set forth in the Lease during any period that such insurance is not available in the insurance market of the United States at commercially reasonable rates. The insurance required of GLWA by the Lease in the amounts, with the coverage and other required features, may be supplied by a fully funded self-insurance program of GLWA or a self-insurance pool in which GLWA is a participant; provided that such self-insurance program or pool will provide the coverage required herein.

**Destruction or Taking of Leased Sewer Facilities**

If during the Term, any portion of the Leased Sewer Facilities is damaged or destroyed by fire or other casualty, GLWA is obligated to repair, restore, rebuild or replace the damaged or destroyed portion of the Leased Sewer Facilities and complete the same as soon as reasonably possible (subject to the adjustment and receipt of insurance proceeds, if any, and the Bond Ordinance), to at least the condition they were in prior to such damage or destruction, except for obsolescent facilities or changes in design or materials as may then be necessary to achieve the Performance Standards.

In the event of any taking of the Leased Sewer Facilities or any part thereof in or by condemnation or other eminent domain proceedings pursuant to any Applicable Laws, or by reason of the temporary requisition of the use or occupancy of the Leased Sewer Facilities or any part thereof by any governmental authority (each a "Taking"), GLWA will promptly notify the City upon receiving notice of such Taking or commencement of proceedings therefor. GLWA will then, if requested by the City, file or defend its claim thereunder and prosecute the same with due diligence to its final disposition. Subject to the terms of the Bond Ordinance, all proceeds or any award or payment in respect of any taking are hereby assigned and shall be paid to GLWA, and GLWA is permitted to take all steps reasonably necessary in its discretion to notify the condemning authority of such assignment. Such award or payment shall be applied to the Leased Sewer Facilities as necessary to achieve the Performance Standards.

If the Leased Sewer Facilities or any portion thereof are in whole or in part destroyed or damaged as a result of any cause whatsoever, or a Taking occurs with respect to the Leased Sewer Facilities or any portion thereof, there shall be no abatement, diminution or reduction in any Lease Payment payable under the Lease.

In the Lease, the City agrees not to commence any proceedings against the Leased Sewer Facilities that would constitute a Taking of all or any part of the Leased Sewer Facilities if the effect of such Taking is to render it impracticable for the Leased Sewer Facilities to furnish sewer service to GLWA's customers in accordance with the Performance Standards.

**Improvements to Leased Sewer Facilities**

During the Term, GLWA is entitled to make such rehabilitation of and replacements and improvements to the Leased Sewer Facilities as it determines to be necessary in order to keep the Leased Sewer Facilities in compliance with the Performance Standards. In connection therewith, GLWA, for each Fiscal Year, will prepare and approve a Capital Improvement Program, which shall set forth the improvements to the Leased Sewer Facilities that GLWA proposes to undertake during the next five Fiscal Years.

In addition, during the Term, GLWA will review and revise as necessary the DWSD sewer master plan. In reviewing the plan, GLWA will use its best efforts to maximize utilization of the capacity in the Regional Sewer System so that economies of scale may be realized, shall take into account the needs of GLWA's service area in planning and operating the Regional Sewer System, shall strive to become the provider of choice for southeastern Michigan and shall consider incentives for customers to utilize the Regional Sewer System for their sewage disposal needs.

**Adoption of Budget; Rates for Use of Leased Sewer Facilities**

GLWA is required to adopt a two-year budget for the Regional Sewer System for the following two Fiscal Years that sets forth budgeted Revenues and expenses for each such Fiscal Year. The budgeted expenses for each such Fiscal Year shall equal the sum of the projected expenses and revenue requirements for the Regional Sewer System for each such Fiscal Year (collectively, the "Authority Revenue Requirement"), including without limitation all of the following:

(a) Operation and Maintenance Expenses of the Regional Sewer System;

(b) The amounts necessary to pay the principal of and interest on all Bonds and to restore any reserves therefor established in the Bond Ordinance;

(c) The Lease Payment, which shall be a common-to-all charge;

(d) The Authority Pension Obligation and the Authority BC Note Obligation;

(e) The amount necessary to be deposited to the WRAP Fund, which shall be a common-to-all charge equal to 0.5% of the base budgeted operating Revenues for the Regional Sewer System for such Fiscal Year;

(f) The amounts needed to make the required deposits to the Authority Regional Extraordinary Repair and Replacement Account of the Extraordinary Repair and Replacement Reserve Fund and the Authority Regional Improvement and Extension Account of the Improvement and Extension Fund in the Bond Ordinance; and

(g) The amount necessary to satisfy the coverage ratios required by the rate covenant to be included in the Bond Ordinance (collectively, the "Rate Covenant").

GLWA, for each Fiscal Year, shall fix and approve rates and charges to its customers in an amount that is expected to produce Revenues sufficient to satisfy the Authority Revenue Requirement. In connection with the determination by the Authority of the rates and charges applicable to Retail Sewer Customers in the City for such Fiscal Year, the City shall receive a credit in the amount of $5,516,000, representing the return on equity to the City for the Sewer System in recognition of the City's ownership of the Sewer System and support of the rate structure for the Sewer System.

As provided in the Lease, through the Fiscal Year ending June 30, 2025, the Sewer System is assumed to experience annual increases in the Authority Revenue Requirement of not more than 4%; provided however, this limitation shall not be applicable if the Authority Revenue Requirement must increase beyond the 4% assumption in order to satisfy the Rate Covenant or to pay the cost of improvements to the Leased Sewer Facilities that are required to be made by Applicable Laws.

In the Lease, the City acknowledges that all Revenues received from customers in the City, including Revenues derived exclusively from the Local Sewer System, are the property of the Authority and will be deposited as received in the Receiving Fund in the Bond Ordinance and applied as provided in the Bond Ordinance, including amounts deposited in the Budget Stabilization Fund. As a result, the City agrees to provide the Authority with a budget for the Local Sewer System as provided in the Water and Sewer Services Agreement.

**Sale or Disposition of Leased Sewer Facilities or Detroit Local Sewer Facilities**

Subject to the Bond Ordinance, GLWA, following notice to the City, has the right to sell or dispose of any of the Real Property or Personal Property that constitutes part of the Leased Sewer Facilities if GLWA determines that such Real Property or Personal Property is not or is no longer needed or useful in connection with the operation of the Leased Sewer Facilities or that such sale or disposition will not impair the operating efficiency of the Leased Sewer Facilities or reduce the ability of GLWA to satisfy the Rate Covenant as provided in the Bond Ordinance. To the extent necessary to accomplish such a sale of Personal Property, the Lease also constitutes a quit claim transfer by the City of any residual property rights it may have in and to such Personal Property. The City shall cooperate with GLWA in arranging the execution and delivery of a deed for the disposition of any Real Property. The proceeds of any such sale shall be deposited in the Receiving Fund established by the Bond Ordinance.

If the City sells or disposes of any real or personal property that constitutes part of the Detroit Local Sewer Facilities that was paid for in whole or in part with common-to-all funds, the proceeds of such sale or disposition shall be paid to GLWA in the same proportion that common-to-all funds were used to pay the purchase price, for deposit in the Receiving Fund established by the Bond Ordinance.

In connection with the sale or disposition of any of the Leased Sewer Facilities or any of the Detroit Local Sewer Facilities that were paid for in whole or in part with common-to-all funds, the City and GLWA shall cooperate and use their best efforts to sell such property at market value, exchange such property for other property of similar value or sell such property as otherwise agreed to by the parties.

**Events of Default and Remedies**

Events of Default. Under the Lease, the term "Event of Default" means the occurrence of any one of the following events:

(a) GLWA's failure to pay any Lease Payment (without setoff, recoupment, or other deduction of any kind) when due.

(b) GLWA's failure to fully perform and comply with any of the other terms, conditions or provisions of the Lease within ninety (90) days after delivery to GLWA of a written notice from the City specifying such failure.

(c) The City's failure to fully perform and comply with any of the terms, conditions or provisions of the Lease within ninety (90) days after delivery to the City of a written notice from GLWA specifying such failure.

Remedies.

(1) If an Event of Default set forth in (a) or (b) above occurs, the City, subject to the dispute resolution procedures described below under "Dispute Resolution" (the "Dispute Resolution Procedures"), shall have all rights and remedies available to the City at law or in equity, including specific performance.

(2) If an Event of Default set forth in (c) above occurs, GLWA, subject to the Dispute Resolution Procedures, shall have all right and remedies available to GLWA at law or in equity, including specific performance.

(3) Notwithstanding anything else to the contrary in the Lease, so long as Bonds are outstanding, neither the City nor GLWA shall have any right to terminate the Lease at any time prior to the end of the Term, whether or not an Event of Default has occurred.

(4) The City's or GLWA's failure to insist upon the strict performance of any agreement, term, covenant or condition of the Lease or to exercise any right or remedy for breach of or Event of Default under the Lease shall not constitute a waiver of any such breach or Event of Default. Similarly, the City's acceptance of full or partial Lease Payments during any such breach by or Event of Default attributable to GLWA shall not constitute a waiver of any such breach or Event of Default. No waiver of any breach or Event of Default shall affect or alter this subsection and every term, covenant, condition and provision of the Lease shall continue in full force and effect with respect to any other then existing or subsequent breach or Event of Default.

(5) Subject to (3) above and the Dispute Resolution Procedures, each right and remedy provided in the Lease shall be cumulative and shall be in addition to every other right or remedy provided for in the Lease or now or later existing at law or in equity either by statute or otherwise. The City's or GLWA's exercise of any one or more of its rights or remedies shall not preclude the City's or GLWA's simultaneous or later exercise of any or all of its other rights or remedies under the Lease.

**Dispute Resolution**

Disputes; Resolution.

GLWA and the City shall each designate in writing to the other from time to time a representative who shall be authorized to resolve any dispute relating to the subject matter of the Lease in an equitable manner and, unless otherwise expressly provided herein, to exercise the authority of such party to make decisions by mutual agreement.

The City and GLWA each agree (i) to attempt to resolve all disputes arising under the Lease promptly, equitably and in a good faith manner and (ii) to provide each other with reasonable access during normal business hours to any and all non-privileged written records, information and data pertaining to any such dispute.

If any dispute relating to the subject matter of the Lease is not resolved between the City and GLWA within 30 days (or such later date agreed to by the parties) from the date on which a party provides written notice to the other party of such dispute and of the notifying party's position on the disputed matter, then upon written notification by either party to the other party, such dispute shall be settled exclusively and finally by arbitration as described under "Arbitration" below. During the pendency of any dispute and until such dispute is resolved as provided below, the City and GLWA shall continue to operate under the terms of the Lease.

Arbitration.

Any dispute or claim arising under or relating to the Lease that cannot be resolved between the City and GLWA, including any matter relating to the interpretation or performance of the Lease, shall be submitted to arbitration irrespective of either the magnitude thereof or the amount in dispute.

Each arbitration between the City and GLWA shall be conducted pursuant to the Uniform Arbitration Act, Act No. 371, Public Acts of Michigan, 2012 and before a panel composed of three arbitrators (the "Arbitration Panel"). Each party shall appoint an arbitrator, obtain its appointee's acceptance of such appointment and deliver written notification of such appointment and acceptance to the other party within 15 days after delivery of a notice of arbitration. The two arbitrators appointed by the City and GLWA shall jointly appoint the third (who shall be the chairperson), obtain the acceptance of such appointment and deliver written notification of such appointment within 15 days after their appointment and acceptance.

Any arbitration commenced hereunder shall be completed within 120 days after the appointment of the Arbitration Panel absent agreement of the City and GLWA to the contrary. Further, absent agreement of the City and GLWA or, upon request of one of the parties, an order of the Arbitration Panel to the contrary: (i) all discovery shall be completed within 60 days after the appointment of the Arbitration Panel; (ii) each party shall be limited to a maximum of 5 depositions; (iii) each deposition shall be completed within a maximum period of two consecutive 8-hour days; (iv) each party shall be limited to 2 expert witnesses; and (v) interrogatories shall be limited to a maximum of 50 single issues without sub-parts. The City and GLWA waive any claim to any damages in the nature of punitive, exemplary or statutory damages in excess of compensatory damages or otherwise expressly provided for in the Lease, and the Arbitration Panel is specifically divested of any power to award such damages. The Arbitration Panel shall have the power to award injunctive or other equitable relief. All decisions of the Arbitration Panel shall be pursuant to a majority vote. Any interim or final award shall be rendered by written decision.

If either the City or GLWA fails to appoint its arbitrator within 15 days after delivery of a notice of arbitration, or if the two arbitrators appointed cannot agree upon the third arbitrator within 15 days after appointment of the second arbitrator, then the required arbitrator(s) shall be appointed by the American Arbitration Association or as otherwise agreed by the City and GLWA.

No arbitrator shall be a past or present employee or agent of, or consultant or counsel to, either the City or GLWA or any affiliate of either the City or GLWA.

GLWA and the City shall each bear the out-of-pocket costs and expenses of their respective arbitrator, attorneys and witnesses, and they shall each bear one-half of the out-of-pocket costs and expenses of the chairperson of the Arbitration Panel and all administrative support for the arbitration.

Appeals and Enforcement of Arbitration Awards and Decisions. The City or GLWA may (i) appeal an award or decision issued by the Arbitration Panel and (ii) enforce any awards or decisions of the Arbitration Panel pursuant to the Michigan Uniform Arbitration Act. The remedies described under "Dispute Resolution" shall be the sole and exclusive remedies of the City and GLWA with respect to any claim, dispute or Event of Default under the Lease. The City and GLWA agree not to bring, or cause to be brought, in a court of law any action, proceeding or cause of action whatsoever with respect to any such claim, dispute or Event of Default, other than as necessary to enforce the award or decision of the Arbitration Panel as provided in the Lease.

**Amendments to Lease**

The Lease may be amended from time to time by agreement of the City and GLWA. But for amendments to Schedule A, Leased Sewer Facilities, any such amendment shall not be effective unless the amendment is in writing and is executed by the Mayor of the City and the duly authorized officers of GLWA; provided, however, that the Lease shall not be subject to any amendment which would in any manner affect either the security for the Bonds or the prompt payment of the principal of and interest thereon. Amendments to Schedule A shall not be effective unless the amendment is written and executed by DWSD's Director and GLWA's CEO and Chairperson.

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**APPENDIX VIII**
**SUMMARY OF THE BOND ORDINANCE**

This summary does not purport to be comprehensive or definitive and is subject to all of the terms of the Bond Ordinance, to which reference is hereby made and copies of which are available on GLWA's website at www.glwater.org or from the Underwriters prior to the execution and delivery of the Series 2026 Bonds and thereafter may be examined or obtained at the expense of the person requesting the same at the corporate trust office of the Trustee. On June 27, 2018, certain sections of the Bond Ordinance were clarified under the 2018 MOU. For a summary of the 2018 MOU as it relates to the Bond Ordinance, see APPENDIX XI - SUMMARY OF 2018 MOU.

### The Revenue Receipts Fund and the Receiving Fund

Under the Bond Ordinance, consistent with the sale, assignment and transfer of Revenues contained in the Lease, GLWA and the City, as agent of GLWA under the Water and Sewer Services Agreement, shall deposit or cause to be deposited all Revenues each receives from operation of the Regional Sewer System and the Local Sewer System in the GLWA Revenue Receipts Fund established under the Bond Ordinance. GLWA shall allocate monies in the GLWA Revenue Receipts Fund between the Water System and the Sewer System and cause funds related to the Regional Sewer System and Local Sewer System to be deposited in the Receiving Fund. The City shall act as an agent of GLWA when collecting the Retail Revenues, and shall hold the Retail Revenues in trust for the exclusive benefit of GLWA until such funds are transferred to the Trustee and deposited in the GLWA Revenue Receipts Fund.

### Flow of Funds

Under the Bond Ordinance, in accordance with the requirements of Act 94 and the Lease, GLWA has established certain funds and accounts for the Sewer System under the Bond Ordinance to be held in trust by the Trustee. The Bond Ordinance permits the establishment of additional funds for additional priorities of GLWA Bonds.

In accordance with the terms of Act 94 and the Bond Ordinance, all Revenues of the Sewer System shall be deposited with the Trustee and, with the exception of Revenues transferred to the GLWA Regional Operation and Maintenance Account or the Detroit Local Operation and Maintenance Account of the Operation and Maintenance Fund as directed by GLWA as provided in the Bond Ordinance, held in trust pursuant to the terms of the Bond Ordinance. The Lease and the Bond Ordinance provide that, subject to the issuance of Bonds permitted by the Bond Ordinance to satisfy all or a portion of the Pension Obligation, pursuant to the provisions of paragraph 24 of the Bankruptcy Order, DWSD's contribution to the GRS pension plan set forth in the Plan of Adjustment shall be payable as follows: (i) the portion of that contribution equal to $24 million annually, plus DWSD's share of the annual "defined contribution" payments related to its employees (as such term is used in the Bankruptcy Order), both to be allocated between the Water System and the Sewer System, will be paid by the Trustee as Operation and Maintenance Expenses under priority "First" below, and (ii) the difference between DWSD's annual GRS pension plan contribution provided for in the Plan of Adjustment and $24 million will be paid by the Trustee out of the Pension Obligation Payment Fund under priority "Fifth" below.

As of the first day of each month (or, in the case of the transfer to the respective Reserve Account, following the annual July 1 valuation of investments in such Reserve Account, pursuant to the Bond Ordinance), amounts credited to the Receiving Fund, including any Lease Payment (which is to be applied to the Fund(s) and Account(s) designated by the City pursuant to the Lease) shall be transferred seriatim into the following funds and accounts but only within the respective limitations and only if the maximum amount within such limitation has been credited to the preceding fund or account:

First: to the Authority Regional Operation and Maintenance Account and the Detroit Local Operation and Maintenance Account of the Operation and Maintenance Fund, one twelfth of the then current Fiscal Year's Operation and Maintenance Expenses of the Regional Sewer System and the Local Sewer System, respectively, as determined by GLWA and certified to the Trustee by an Authorized Officer as sufficient to provide for the payment of the next month's expenses of administration and operation of the Regional Sewer System and the Local Sewer System, respectively, and such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order;

Second: to the Senior Lien Bond Debt Service Account, an amount that, when added to all other amounts then on deposit therein, shall equal the Debt Service Installment Requirement for Bonds as of the first day of such month;

Third: following the annual July 1 valuation of investments in the Senior Lien Bond Reserve Account pursuant to the Bond Ordinance, to the Senior Lien Bond Reserve Account, an amount, if any, that when added to all other amounts then on deposit therein shall equal the Reserve Requirement for Senior Lien Bonds;

Fourth: to the Bond Interest and Redemption Fund established for each Priority of Lien of Junior Lien Bonds, beginning with the Second Lien Bonds and continuing in descending order of priority to, and including, each Priority of Lien of Junior Lien Bonds, as follows:

*First*: to the Debt Service Account established for such Priority of Lien, an amount that, when added to amounts then on deposit in such account, shall equal the Debt Service Installment Requirement for Junior Lien Bonds of such Priority of Lien as of the first day of such month; and

*Second*: following the annual July 1 valuation of investments in the Reserve Accounts pursuant to the Bond Ordinance, to the Reserve Account, if any, established for such Priority of Lien, an amount that, when added to amounts then on deposit in such account, shall equal the Reserve Requirement for such Priority of Lien of Junior Lien Bonds;

Fifth: except as provided in the Bond Ordinance with respect to the initial deposit to the Pension Obligation Payment Fund, to the extent Pension Junior Lien Bonds are not issued, to the Pension Obligation Payment Fund an amount that equals one twelfth of the Required Annual GRS Payment and one twelfth of the BC Note Obligation at the written direction of an Authorized Officer to the Trustee;

Sixth: except as provided in the Bond Ordinance with respect to the initial deposit to the WRAP Fund, to the WRAP Fund, one twelfth of the amount to be deposited therein for the current Fiscal Year as directed in writing by an Authorized Officer to the Trustee;

Seventh: except as otherwise provided in the Bond Ordinance with respect to the initial deposit to the Budget Stabilization Fund, for each of the Fiscal Years 2016, 2017 and 2018, to the Budget Stabilization Fund, an amount equal to one twelfth of one-third of the amount necessary to assure that the Budget Stabilization Requirement will be on deposit in the Budget Stabilization Fund within three full Fiscal Years at the written direction of an Authorized Officer to the Trustee and for subsequent Fiscal Years thereafter one twelfth of an amount that when added to amounts then on deposit in the Budget Stabilization Fund shall equal the Budget Stabilization Requirement, at the written direction of an Authorized Officer to the Trustee;

Eighth: to the Extraordinary Repair and Replacement Reserve Fund, the amount of the Extraordinary Repair and Replacement Minimum Requirement to the extent that the balance thereof is less than the Extraordinary Repair and Replacement Maximum Requirement; and

Ninth: at the written direction of an Authorized Officer to the Trustee, to the Authority Improvement and Extension Account and the Detroit Local Improvement and Extension Account of the Improvement and Extension Fund, such amounts as GLWA may deem advisable for the Regional Sewer System and Local Sewer System; provided that no amount shall be deposited in either such account for so long as a withdrawal from the Extraordinary Repair and Replacement Reserve Fund remains unpaid.

In any month, funds on deposit in the Receiving Fund in excess of the requirements set forth above may, upon the direction of GLWA, be transferred to the Improvement and Extension Fund (provided that no amount shall be deposited to the Improvement and Extension Fund or credited thereto for so long as a withdrawal from the Extraordinary Repair and Replacement Reserve Fund remains unpaid).

**Any amounts remaining in the Receiving Fund as of the last day of each Fiscal Year shall be applied against future years' Revenue deposit obligations under the Bond Ordinance, unless directed by GLWA within thirty (30) days of completion of the Fiscal Year's audited financial statements to be deposited in the Surplus Fund.**

**Reserve Accounts and Reserve Requirements**

Pursuant to the Bond Ordinance, amounts in a Reserve Account shall be used solely for the payment of the Debt Service on Bonds of the same Priority of Lien for which such Reserve Account was established, as to which there would otherwise be a Default. The Authority may elect to reduce or eliminate the Reserve Requirement for all Outstanding Senior Lien Bonds secured by the Senior Lien Bond Reserve Account and/or the Reserve Requirement for all Outstanding Second Lien Bonds secured by the Second Lien Bond Reserve Account, and if reduced, the reduced Reserve Requirement shall in no event be in excess of the maximum permitted by the Code, at such time as the Authority shall have provided evidence to the Trustee that the Senior Lien Bonds are rated at least Aa3, AA- or AA- by at least two of Moody's, S&P, and Fitch, respectively, and that neither of such ratings will be reduced solely as a result of the change in the Reserve Requirement for, respectively, such Senior Lien Bonds and/or such Second Lien Bonds. Such election shall be set forth in a written notice to the Trustee and shall be effective on the date of delivery of such notice to the Trustee. Following such election by the Authority, notwithstanding any other provision of the Bond Ordinance, amounts on deposit in the Senior Lien Bond Reserve Account in excess of the Reserve Requirement for the Outstanding Senior Lien Bonds secured by the Senior Lien Bond Reserve Account shall be transferred by the Trustee into the Senior Lien Debt Service Account, the Receiving Fund and/or the Surplus Fund, as directed by the Authority. A separate Reserve Account may be established by the Authority with the Trustee for a Series of Bonds by the Series Ordinance providing for the issuance of such Series of Bonds. The Authority has exercised its option to reduce the Reserve Requirement for the Senior Lien Bonds and the Second Lien Bonds, respectively, to zero. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Reserve Accounts and Reserve Requirements Reduction."

**Priority of Funds and Accounts**

Pursuant to the Bond Ordinance, if amounts in the Receiving Fund are insufficient to provide for current requirements of the Operation and Maintenance Fund and each Bond Interest and Redemption Fund (including the Reserve Account, if any, therein), then any amounts or securities held in the Surplus Fund, the Improvement and Extension Fund, the Extraordinary Repair and Replacement Reserve Fund, the WRAP

Fund, the Budget Stabilization Fund and the Pension Obligation Payment Fund shall be credited or transferred from such Funds in the order listed, first, to the Operation and Maintenance Fund and, second, to the particular Bond Interest and Redemption Fund, to the extent of the insufficiency therein.

If any debt service on Bonds of the same Priority of Lien becomes due (whether on a stated or scheduled date, by reason of call for redemption or otherwise), and there are insufficient amounts for the payment thereof in the Bond Interest and Redemption Fund established for Bonds of such Priority of Lien after applying payments in any Reserve Account established for Bonds of such Priority of Lien, then there shall be applied by the Trustee to such payment amounts in each Bond Interest and Redemption Account established for Series of Bonds of each lower Priority of Lien, beginning with the lowest Priority of Lien and proceeding seriatim in ascending order of Priority of Lien, until such payments are made in full.

**Operation and Maintenance Fund**

The Operation and Maintenance Fund consists of two accounts, the Authority Regional Operation and Maintenance Account and the Detroit Local Operation and Maintenance Account, and within each account a Pension Obligation Subaccount. The Operation and Maintenance Fund shall not be part of the Trust Estate held for the benefit of Holders, who shall have no interest in such Fund whatsoever. Any funds at any time on deposit in or credited to the Operation and Maintenance Fund are not and shall not be Pledged Assets.

Amounts in the Authority Regional Operation and Maintenance Account of the Operation and Maintenance Fund shall be used to pay the expenses of administration and operation of the Regional Sewer System and such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order. The Authority shall have sole and exclusive authority to withdraw funds from the Authority Regional Operation and Maintenance Account of the Operation and Maintenance Fund to pay the expenses of administration and operation of the Regional Sewer System and such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order as it, in its sole discretion, may at any time and from time to time deem necessary or appropriate. The Regional Sewer System's allocable share of the Pension Obligation that is required to be paid as an Operation and Maintenance Expense pursuant to the Bankruptcy Order shall be deposited and held in the Pension Obligation Subaccount until paid to GRS. No other Person, shall have the right or authority to use or withdraw funds from the Authority Regional Operation and Maintenance Account of the Operation and Maintenance Fund.

Amounts in the Detroit Local Operation and Maintenance Account of the Operation and Maintenance Fund shall be used to pay the expenses of administration and operation of the Local Sewer System and such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order. The City shall have sole and exclusive authority to withdraw funds from the Detroit Local Operation and Maintenance Account of the Operation and Maintenance Fund to pay the expenses of administration and operation of the Local Sewer System and such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order as it, in its sole discretion, may at any time and from time to time deem necessary or appropriate. The Local Sewer System's allocable share of the Pension Obligation that is required to be paid as an Operation and Maintenance Expense pursuant to the Bankruptcy Order shall be deposited and held in the Pension Obligation Subaccount until paid to GRS. No other Person, shall have the right or authority to use or withdraw funds from the Detroit Local Operation and Maintenance Account of the Operation and Maintenance Fund.

## Certain Other Funds

*The Extraordinary Repair and Replacement Reserve Fund*

Under the Bond Ordinance, amounts in the Extraordinary Repair and Replacement Reserve Fund may be used by GLWA to pay costs of making major unanticipated repairs and replacements to the Regional Sewer System which individually have cost or are reasonably expected to cost in excess of $1 million as determined by the GLWA Board. GLWA may withdraw funds from the Extraordinary Repair and Replacement Fund for such purposes at any time and from time to time upon written request to the Trustee therefor.

Amounts in the Extraordinary Repair and Replacement Reserve Fund may also be used by the City to pay costs of making major unanticipated repairs and replacements to the Local Sewer System which individually have cost or are reasonably expected by the GLWA Board to cost in excess of $1 million as determined by the GLWA Board based on certifications provided by an authorized officer of the City. The City may withdraw funds from the Extraordinary Repair and Replacement Fund for such purposes at any time and from time to time upon written request to GLWA and the Trustee therefor.

*The Pension Obligation Payment Fund*

Under the Bond Ordinance, subject to the issuance of Pension Junior Lien Bonds to satisfy all or a portion of the Pension Obligation, at the written direction of an Authorized Officer to the Trustee, the Trustee shall pay from the Revenues of the Sewer System on deposit in the Pension Obligation Payment Fund, on the same ratable basis as the allocation of payroll costs between the Sewer System and the Water System, (i) to GRS the difference between the annual allocation of the Plan of Adjustment GRS pension contributions provided in the Plan of Adjustment and $24 million in the aggregate, and (ii) the Sewer System's allocable share of the BC Note Obligation, as determined by GLWA.

Subject to the flow of funds as provided in the Bond Ordinance, at the written direction of an Authorized Officer to the Trustee, sufficient funds shall be allocated and disbursed by the Trustee, to the Pension Obligation Payment Fund on a monthly basis until such time as the Pension Obligation Payment Fund contains funds sufficient to pay (i) the difference between the Sewer System's allocable share of the annual allocation of the Pension Obligation contributions required to be paid to GRS as provided in the Plan of Adjustment, and the Sewer System's allocable share of $24 million (the "Required Annual GRS Payment") and (ii) the Sewer System's allocable share of the BC Note Obligation as provided in the Plan of Adjustment, as determined by the Authority.

*The WRAP Fund*

Under the Bond Ordinance, the WRAP Fund shall be used to provide assistance to indigent residential customers throughout the Sewer System and the Water System as directed by an Authorized Officer to the Trustee.

*The Budget Stabilization Fund*

Under the Bond Ordinance, the Budget Stabilization Fund shall be maintained in the amount of the Budget Stabilization Requirement. Monies in the Budget Stabilization Fund may be applied by GLWA in its discretion for any lawful purpose of the Sewer System in the event of shortfalls in the Retail Revenues attributable to unfavorable variances between actual bad debt expenses and budgeted bad debt expenses of Retail Sewer Customers as a class. At least quarterly, in connection with the preparation of the annual audit for the Local Water System and the Local Sewer System, the Chief Financial Officers of the Authority and the DWSD-R shall determine whether a draw on the Budget Stabilization Fund is necessary in accordance with the requirements and procedures set forth in the Water and Sewer Services Agreement. If so, an Authorized Officer may provide written direction to the Trustee to draw on the Budget Stabilization Fund an amount equal to the amount by which the actual bad debt expenses of the Retail Sewer Customers as a class exceeds the budgeted bad debt expenses of that class, and deposit such amount into the appropriate fund or account. Amounts on deposit in the Budget Stabilization Fund in excess of the Budget Stabilization Requirement for the following Fiscal Year based on audited financial statements shall be transferred to the Detroit Local Improvement and Extension Account of the Improvement and Extension Fund. The deposit of Retail Revenues in the Budget Stabilization Fund shall be subordinate to payment of Operation and Maintenance Expenses and the payment of principal of and interest on the Bonds.

*The Improvement and Extension Fund*

The Improvement and Extension Fund consists of two accounts, the Authority Regional Improvement and Extension Account and the Detroit Local Improvement and Extension Account. Under the Bond Ordinance, amounts in the Authority Improvement and Extension Account and the Detroit Local Improvement and Extension Account of the Improvement and Extension Fund shall be used for improvements, enlargements or extensions to the Regional Sewer System and the Local Sewer System, respectively. The Authority may withdraw funds from the Authority Regional Improvement and Extension Account of the Improvement and Extension Fund for the purposes of paying the costs of improvements, enlargements or extensions to the Regional Sewer System at any time and from time to time upon written request to the Trustee therefor and may withdraw funds from the Extraordinary Repair and Replacement Reserve Fund for such purposes as provided in the second paragraph under "Extraordinary Repair and Replacement Reserve Fund" above. The City may withdraw funds from the Detroit Local Improvement Account of the Improvement and Extension Fund for the purpose of paying the costs of improvements, enlargements or extensions to the Local Sewer System at any time and from time to time upon written request to the Trustee therefor.

*The Surplus Fund; Uses and Replenishments of Deficits in Other Funds*

Under the Bond Ordinance, amounts from time to time on deposit in the Surplus Fund may, at the option of GLWA, be withdrawn upon written request to the Trustee and used for any purposes related to the Sewer System; provided, however, that, if and whenever there should be any deficit in the Operation and Maintenance Fund or in any Bond Interest and Redemption Fund (excluding any Reserve Account therein), then transfers shall be made by GLWA from the Surplus Fund to such funds in the priority and order described above under "Priority of Funds and Accounts" above to the extent of any such deficit.

**Construction Fund**

The Construction Fund consists of two accounts, the Authority Regional Construction Account and the Detroit Local Construction Account. The Construction Fund shall not be part of the Trust Estate held for the benefit of Holders, who shall have no interest in such Fund whatsoever. Any funds at any time on deposit in or credited to the Construction Fund are not and shall not be Pledged Assets.

Amounts in the Authority Regional Construction Account and the Detroit Local Construction Account of the Construction Fund shall be used to pay the cost of repairs, extensions, enlargements, and improvements to the Regional Sewer System and the Local Sewer System, respectively, and any Issuance Costs. A separate account shall be established at the direction of the Authority within the Construction Fund, entitled "Issuance Costs Account," from which the Custodian shall pay the Issuance Costs related to Outstanding Bonds and any Additional Bonds issued subject to the Bond Ordinance. The Authority and the City each shall have sole and exclusive authority to withdraw funds from the Authority Regional Construction Account and the Detroit Local Construction Account, respectively, for such purposes as they, in their sole discretion, may at any time and from time to time deem necessary or appropriate. No other Person shall have the right or authority to use or withdraw funds from the Construction Fund.

Any unexpended balance remaining in an account of the Construction Fund may in the discretion of the Authority be used for meeting any Reserve Requirement or for further improvements, enlargements and extensions to the Regional Sewer System or the Local Sewer System, as the case may be, if, at the time of such expenditure, such use based upon an opinion of Bond Counsel, is permitted by the Bond Ordinance and, in the case of Tax-Exempt Bonds, will not adversely affect the exclusion from gross income for federal income tax purposes of the Series of Bonds, the proceeds of which were deposited in such account. Any remaining balance after such expenditure shall be paid into the Bond Interest and Redemption Fund established for the Series of Bonds of the Priority of Lien giving rise to such balance for the purpose of purchasing Bonds of such Priority of Lien or used for the purpose of calling such Bonds for redemption. The Authority may provide additional or different lawful uses for such unexpended balance or remaining balance by Series Ordinance which shall, nonetheless, be subject to the Authority's relevant tax covenants.

**Rebate Fund**

The Rebate Fund shall be maintained by the Trustee as a separate depository account. The Rebate Fund is not pledged as security for any Bonds and is established for the sole purpose of paying to the United States the amounts required to be rebated pursuant to Section 103(c)(6) of the Code. Rebate calculations shall be obtained by the Trustee at the written direction of the Authority. Transfers to the Rebate Fund from the Operation and Maintenance Fund may be directed by the Authority to the Trustee in writing. The Authorized Officer shall 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 Sates pursuant to Section 103(c)(6) of the Code as of the close of the bond year (as defined in the Code) for the related Series of Bonds. Such amount shall be certified by an Authorized Officer to the Trustee. The Trustee shall make payments to the United States from the Rebate Fund at the written direction of an Authorized Officer to the Trustee, no less frequently than every five years, or as otherwise provided in Section 103(c)(6) of the Code, or in a non-arbitrage and tax compliance certificate related to a Series of Tax-Exempt Bonds, together with all investment earnings thereon as the Authorized Officer shall direct. The Trustee shall retain records of determination of the amounts deposited in the Rebate Fund, the proceeds of any investments of monies in the Rebate Fund and the amounts paid to the United States, until the date six years after the payment in full of the related Series Bonds. If the Rebate Fund is overfunded, as determined at the market value of any investments therein, at the written direction of an Authorized Officer to the Trustee, the Trustee shall withdraw the excess and return such excess to the Receiving Fund.

**Rate Covenant**

The Bond Ordinance contains a covenant to fix, charge and collect, or cause to be fixed, charged and collected, rates, fees and charges for the use and operation of the Sewer System. Such rates, fees and charges shall be fixed and revised from time to time as may be expected to be necessary to produce the greater of:

1. The amounts required:

a. To provide for the payment of Operation and Maintenance Expenses of the Sewer System; and

b. To provide for the payment of all Debt Service Installment Requirements coming due during the Fiscal Year of calculation; and

c. To provide for the creation and maintenance of reserves therefor as required by the Bond Ordinance; and

d. To provide for the payment of the Lease Payment; and

e. To provide for the deposit to the WRAP Fund; and

f. To repay any withdrawals from the Extraordinary Repair and Replacement Fund; and

g. To provide for such other expenditures and funds for the Sewer System as the Bond Ordinance may require; and

2. Amounts so that the Rate Covenant Debt Service Coverage shall not be less than the Required Coverage; and

3. Amounts required by Act 94.

The coverage requirements for determining the Required Coverage under the Bond Ordinance are the following percentages:

| **Priority of Lien of Bonds:** | **Percentage:** |
|---|---|
| Senior Lien Bonds | 120% |
| Second Lien Bonds | 110% |
| SRF Junior Lien Bonds and Pension Junior Lien Bonds | 100% |

**Additional Bonds**

Under the Bond Ordinance, GLWA may not incur any obligations payable from Pledged Assets except Bonds, and no obligations of GLWA may be secured by a lien on Pledged Assets except as provided in the Bond Ordinance.

*Coverage Requirements*

Under the Bond Ordinance, prior to or concurrently with the issuance of Additional Bonds of any Priority of Lien, GLWA shall calculate a number equal to Projected Net Revenues in the then current or the next succeeding Fiscal Year, or Historical Net Revenues, all as determined by GLWA, divided by Maximum Annual Debt Service for such Priority of Lien and any higher Priority of Lien (the "Additional Bonds Debt Service Coverage"). GLWA may elect to determine Additional Bonds Debt Service Coverage on the basis of Projected Net Revenues or Historical Net Revenues. In determining Projected Net Revenues, GLWA shall engage the services of and be guided by a professionally qualified person, firm or corporation nationally recognized in the municipal sewage disposal industry and of favorable reputation for skill and experience in performing the duties of providing consulting services to municipal sewer systems comparable in size and function to the Sewer System, including setting of rates and charges for the use of such systems (a "System Consultant"). In determining Historical Net Revenues, GLWA may engage the services of and be guided by a System Consultant if it is relying on audited financial statements without augmenting Net Revenues on the basis of changes in rates, fees or charges or repairs, extensions, enlargements, improvements, acquisitions, extensions or connections to the Sewer System. In determining Historical Net Revenues, GLWA shall engage the services of and be guided by a System Consultant if it is augmenting Net Revenues on such a basis.

*General Authority*

Under the Bond Ordinance, GLWA may issue Additional Bonds of any Priority of Lien for repairs, extensions, enlargements, and improvements to the Regional Sewer System or the Local Sewer System (including repaying amounts withdrawn from the Extraordinary Repair and Replacement Reserve Fund for the Regional Sewer System or the Local Sewer System), and/or refunding all or a part of any outstanding Bonds and paying the costs of issuing such Additional Bonds, including deposits, if any, to be made to any Reserve Account established or to be established for such Additional Bonds or any other Bonds, if, but only if GLWA shall certify that the Additional Bonds Debt Service Coverage for each Priority of Lien (regardless of the Priority of Lien of the Additional Bonds) is not less than the Required Coverage. The determination in a Series Ordinance that the Additional Bonds Debt Service Coverage for each Priority of Lien is not less than the Required Coverage shall be conclusive.

*Alternate Test for Refundings*

Under the Bond Ordinance, GLWA may issue Additional Bonds of any Priority of Lien, including a portion of a Series of Additional Bonds, without regard to the above requirements for refunding all or part of Bonds then Outstanding and paying costs of issuing such Additional Bonds, including deposits which may be made to any Reserve Account established or to be established for such Additional Bonds or any other Bonds if, but only if: the aggregate Debt Service Installment Requirements required to be set aside in the Bond Fund in the current Fiscal Year and each Fiscal Year thereafter until maturity on (A) the Additional Bonds and (B) giving effect to the refunding, all outstanding unrefunded Bonds of equal and higher Priority of Lien, is less than the aggregate Debt Service Installment Requirements required to be set aside in the Bond Fund in the current Fiscal Year and each Fiscal Year thereafter until maturity on all equal and higher Priority of Lien Bonds, without giving effect to the refunding.

**Events of Default and Remedies**

*Events of Default*. Each of the following events is an "Event of Default" under the Bond Ordinance:

(a) the Authority shall default in the payment of the principal or Redemption Price of any Bond or Bonds when and as the same shall become due, whether at maturity or upon redemption or otherwise; or

(b) payment of any installment of interest on any Bond or Bonds shall not be made, when and as the same shall become due.

No default in the payment of the principal of, interest on or Redemption Price of any Junior Lien Bond shall be considered a default for any Senior Lien Bond.

*Remedies*. Upon the happening and continuance of any Event of Default specified above, the Trustee may, or upon the request of the Holders of not less than 20% in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders, by suit, action, or other proceedings, and to protect and enforce the statutory lien on the Net Revenues and enforce and compel the performance of all duties of the officials of the Authority. The Trustee shall on behalf of the Bondholders be entitled as a matter of right, upon application to a court of competent jurisdiction, to have appointed a receiver of the Authority for the business and property of the Sewer System, or any part thereof, including all Revenues, issues, income, receipts and profits derived, received or had by the Authority thereof or therefrom, with such power as the Authority may have to operate and maintain such business and property, collect, receive and apply all Revenues, income, receipts and profits arising therefrom, and prescribe fees and other charges in the same way and manner as the Authority might do. The Trustee is entitled to indemnification against fees, costs, expenses and liabilities for its enforcing any of the remedies permitted by the Bond Ordinance on the terms provided therein in connection with its exercise of any of the foregoing remedies.

**Limitation on Rights of Bondholders**

No individual Bondholders may initiate legal proceedings to enforce rights under the Bond Ordinance unless such Holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such proceeding is to be taken, and unless the Holders of not less than 20% in principal amount of all Bonds then Outstanding have made written request of the Trustee after the right to exercise such right of action has occurred, and have afforded the Trustee a reasonable opportunity either to exercise the powers granted to it under the Bond Ordinance or to institute such proceedings in its name and unless, also, there has been offered to the Trustee reasonable security and indemnity against fees, costs, expenses and liabilities, and the Trustee has refused or neglected to comply with such request within a reasonable time.

**Application of Revenues and Other Monies After Default**

After an Event of Default, the Trustee shall have a first lien on the Pledged Assets with right of payment for all reasonable fees, charges, costs and expenses made in the performance of the duties of the Trustee and for the cost and expense included in defending any liability, unless such liability is adjudicated to have resulted from the gross negligence or willful misconduct of the Trustee (collectively the "Trustee's Default Fees and Costs"). During the continuance of an Event of Default, the Trustee, except as otherwise provided in the provisions of the Bond Ordinance relating to remedies, shall apply monies, securities, funds and Revenues and the investment income thereon in the Funds and Accounts as follows and in the following order:

(i) to the payment of the Trustee's Default Fees and Costs and the reasonable fees, charges, costs, expenses and liabilities of the System Consultant selected by the Authority pursuant to the Bond Ordinance;

(ii) to the payment of the amounts required for reasonable and necessary Operation and Maintenance Expenses; and for the reasonable renewals, repairs and replacements of the Leased Sewer Facilities necessary to prevent loss of Revenues, as certified to the Trustee by the System Consultant. For this purpose the books of records and accounts of the Authority relating to the Regional Sewer System shall at all times be subject to the inspection of the System Consultant during the continuance of such Event of Default; and

(iii) to the payment of the interest and principal or Redemption Price then due on the Senior Lien Bonds or Junior Lien Bonds, as follows:

First: To the payment to the persons entitled thereto of all installments of interest on Senior Lien Bonds (including payments in the nature of interest payable to Swap Providers), then due in order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Senior Lien Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

Third: To the payment to the persons entitled thereto of all installments of interest on Junior Lien Bonds, including payments in the nature of interest payable to a Swap Provider under a Swap Agreement, then due in order of Priority of Lien and order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Fourth: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Junior Lien Bonds which shall have become due, whether at maturity or by call for redemption, in the order of Priority of Lien and order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Junior Lien Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

Fifth: To the payment to any Swap Provider of any termination payment due and payable under a Swap Agreement, and if the amounts available shall not be sufficient to pay in full all termination payments due under the Swap Agreements then to the payment thereof ratably according to the amounts of termination payments due on such date to the persons entitled thereto without any discrimination or preference.

If and whenever all overdue installments of interest on all Senior Lien Bonds and Junior Lien Bonds, together with the reasonable fees, charges, costs, expenses and liabilities of the Trustee and the System Consultant, and all other sums payable by the Authority to the Trustee under the Bond Ordinance, including the principal and Redemption Price of and accrued unpaid interest on the Senior Lien Bonds and Junior Lien Bonds which shall then be payable, shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bond Ordinance shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all monies, securities, funds and Revenues then remaining unexpended in the hands of the Trustee (except monies, securities, funds or Revenues deposited or pledged, or required by the terms of the Bond Ordinance to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively to their former positions and rights under the Bond Ordinance, and all Revenues shall thereafter be applied as provided in the provisions of the Bond Ordinance governing the establishment and use of Funds and Accounts. No such payment over to the Authority by the Trustee or resumption of the application of Revenues as so provided shall extend to or affect any subsequent default under the Bond Ordinance or impair any right consequent thereon.

**Bondholder's Direction of Proceedings**

Anything in the Bond Ordinance to the contrary notwithstanding, following and during the continuation of an Event of Default only, subject to the last sentence of this paragraph, the Holders of not less than 20% in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder subject to the right of the Trustee to indemnification for fees, charges, costs, expenses and liabilities prior to exercising any remedy, and provided that such direction shall not be otherwise than in accordance with law or the provisions of the Bond Ordinance, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction. If conflicting or inconsistent directions are received from more than one group of such Holders, each satisfying such 20% criterion, the Trustee shall be entitled to rely upon the direction given by the Holders with the largest percentage in aggregate principal amount of Bonds then Outstanding.

**Responsibilities of Trustee**

Prior to an Event of Default, the Trustee shall have the obligation to perform such express duties and only such express duties as are provided for in the Bond Ordinance, including any Series Ordinance or Supplemental Ordinance, and no implied covenants or obligations shall be read into the Bond Ordinance against the Trustee.

The permissive right of the Trustee to do things enumerated in the Bond Ordinance shall not be construed as a duty, and the Trustee, except for its gross negligence or willful misconduct, shall not be liable for (i) any loss or damage whatsoever arising out of any action or failure to act in connection with its obligations under the Bond Ordinance or for (ii) the exercise of any discretion or power hereunder, or mistake of judgment, or otherwise. The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under the Bond Ordinance, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts created under the Bond Ordinance or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by applicable law, to its satisfaction against any and all reasonable costs and expenses, outlays and counsel fees and other anticipated disbursements, and against all liability except to the extent determined by a court of competent jurisdiction to have been caused solely by its own gross negligence or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee shall, to the extent not reimbursed by the Authority, reimburse itself from the monies available in the Surplus Fund under the Bond Ordinance for all costs and expenses, outlays and counsel fees and expenses and other reasonable disbursements properly incurred in connection therewith.

The Trustee shall be under no obligation or duty to perform any act under the Bond Ordinance or defend any suit unless indemnified (other than by the Authority) to its reasonable satisfaction for the reimbursement of all fees, costs and expenses to which it may be put and to protect it against all liability, except liability that is adjudicated to have resulted from its own gross negligence or willful misconduct in connection with any action so taken.

Upon the occurrence of an Event of Default and during the continuance of an Event of Default (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by the Bond Ordinance and shall use the same degree of care and skill in the exercise or use as an ordinarily prudent trustee under a corporate indenture would exercise or use under the circumstances in the conduct of its own affairs.

**Resignation and Removal of Trustee**

The Trustee may resign by giving written notice to the Authority and mailing notice thereof by first class mail to each registered Bondholder as shown by the registration books held by the Trustee, and such resignation shall take effect upon the day that a successor shall have been appointed as provided under "Appointment of and Transfer to Successor Trustee" below.

The Trustee shall be removed by the Authority at any time on 30 days' prior written notice if so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority, and signed by the Holders of not less than 51% of the principal amount of the Outstanding Bonds or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority. The Authority may remove the Trustee at any time, except during the existence of any Event of Default, in the sole discretion of the Authority, by filing with the Trustee an instrument to such effect signed by the Treasurer of the Authority. Any such removal of the Trustee shall take effect upon the day that a successor shall have been appointed as provided under "Appointment of and Transfer to Successor Trustee" below.

**Appointment of and Transfer to Successor Trustee**

If the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Authority covenants and agrees that the GLWA Board will thereupon appoint a successor Trustee which shall be a bank or trust company authorized to do business in the State having a capital and surplus aggregating at least $50,000,000 and which shall accept and agree to perform the trusts imposed upon it by the Bond Ordinance by depositing with the Authority and the predecessor Trustee a written instrument of acceptance. If no successor Trustee is appointed by the GLWA Board within 60 days after the Trustee's giving of written notice of resignation to the Authority or the Authority's giving of written notice of removal, any Bondholder or the resigning party may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may, after such notice appoint a successor Trustee in accordance with the requirements of the preceding sentence. The GLWA Board (or the appointing court) shall mail notice of any such appointment made by it by first class mail to each registered Bondholder within 20 days after such appointment.

The Trustee ceasing to act shall, upon receiving payment of all of its uncontested fees, costs and expenses, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Bond Ordinance and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth.

**Discharge of Lien**

*Discharge of Lien of Pledged Assets*

Upon the defeasance (as described below) of a Series of Senior Lien Bonds or Junior Lien Bonds, and payment of the Trustee's fees, costs and expenses related thereto, the lien of the Bond Ordinance upon the Pledged Assets with respect to such Series of Senior Lien Bonds or Junior Lien Bonds shall cease, terminate and be void.

Upon the defeasance of all Outstanding Bonds, the lien of the Bond Ordinance upon the Pledged Assets shall cease, terminate and be void and thereupon the Trustee, upon determining that all conditions precedent to the satisfaction and discharge of the Bond Ordinance have been complied with, and upon payment of the Trustee's fees, costs and expenses hereunder, shall (i) cancel and discharge the Ordinance and the lien on Pledged Assets, (ii) execute and deliver to the Authority such instruments in writing as shall be required to cancel and discharge the Bond Ordinance and the lien on Pledged Assets, (iii) re-convey to the Authority the Pledged Assets, and (iv) assign and deliver to the Authority so much of the Pledged Assets as may be in its possession or subject to its control, except, in the event of a defeasance of a Series of Bonds, monies and Government Obligations held in the related Bond Interest and Redemption Funds, Debt Service Accounts, and Reserve Accounts for the purpose of paying such Series of Bonds; provided, however, such cancellation and discharge of the Bond Ordinance shall not terminate the powers and rights granted to the Trustee with respect to the payment, transfer and exchange of Bonds; and, provided, further, that the rights of the Trustee to indemnity and payment of all reasonable fees and expenses shall survive.

*Defeasance of Bonds*

Bonds are “defeased” and a “defeasance” has occurred for purposes of the Bond Ordinance if:

(1) there has been deposited in trust sufficient cash and Sufficient Government Obligations, not callable by the issuer, the principal of and interest on which mature at the time and in the amounts, without the reinvestment thereof, necessary to pay principal of and interest on such Bonds to its maturity, or, if called for redemption, to the date fixed for redemption, together with the amount of the redemption premium, if any, provided, however, that the sufficiency of the deposit to effectuate the defeasance of a Bond shall have been verified by a nationally recognized accounting firm or verification agent; and

(2) if such Bonds are to be redeemed prior to maturity, irrevocable instruments have been given to the Trustee, acting as a transfer agent, to call such Bonds for redemption.

A Series Ordinance may be delivered to the Trustee with respect to a Series of Bonds which may:

(1) provide different means of defeasing such Series of Bonds, and such means may be in addition to or in lieu of the means set forth above;

(2) provide for Permitted Investments for the defeasance of such Bonds, but no such Permitted Investments may thereafter be changed except as provided herein; and

(3) provide for the consequences of such Bonds being defeased.

Except as otherwise provided in a Series Ordinance:

(1) cash or Government Obligations for the defeasance of such Bonds are the Permitted Investments therefor; and

(2) the statutory lien herein granted pursuant to Act 94 shall be terminated with respect to defeased Bonds, the Holders of such defeased Bonds shall have no further rights under the Bond Ordinance except for payment from the deposited funds and registration and replacement of such Bonds, and such Bonds shall no longer be considered to be Outstanding under the Bond Ordinance.

**Amendments without Consent**

The Authority may, without the consent of the Bondholders, but with the prior written consent of the Trustee in case the Series Ordinance or Supplemental Ordinance changes any of the Trustee’s duties under the Bond Ordinance, and where required by a Credit Facility, the consent of the related Credit Entity, adopt at any time or from time to time Series Ordinances or Supplemental Ordinances for any one or more of following purposes, and any Series Ordinance or Supplemental Ordinance shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by the Authorized Officer:

(1) To provide for the issuance of a Series of Bonds and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(2) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Bond Ordinance;

(3) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the Authority by terms of the Bond Ordinance;

(5) To confirm as further assurance any security created under and subject to any lien or claim created or to be created by the provisions of the Bond Ordinance;

(6) To modify the provisions of the Bond Ordinance or any previously adopted Series Ordinance to permit compliance with changes in federal tax law which is required to maintain the tax exempt status of the Tax-Exempt Bonds;

(7) With the consent of the Trustee in reliance upon an opinion of Bond Counsel, to cure any ambiguity or defect or inconsistent provision in the Bond Ordinance or to insert such provisions clarifying matters or questions arising under the Bond Ordinance as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with the Bond Ordinance as theretofore in effect;

(8) To comply with the Trust Indenture Act of 1939; or

(9) To amend or supplement the Bond Ordinance in any respect with regard to Bonds of one or more Priorities of Lien so long as such amendment does not materially adversely affect the Holders of Outstanding Bonds.

No Holders of Bonds of a Priority of Lien shall be "materially adversely affected" for the purposes of the Bond Ordinance by the change of any coverage percentage established for Bonds of any other Priority of Lien, and no amendment of or supplement to this Ordinance that provides for or facilitates the issuance of Bonds of any Priority of Lien shall "materially adversely affect" the Holders of Bonds of any other Priority of Lien for the purposes of this Ordinance so long as such amendment does not change any coverage percentage established for such Priority of Lien or is not an amendment that requires the consent of the Holders of such Bonds as described under "Amendments with Consent" below.

Notice of the adoption and delivery of any Supplemental Ordinance or resolution and a copy thereof shall be filed by the Trustee with the Rating Agency at the time of such adoption and delivery.

**Amendments with Consent**

Exclusive of Supplemental Ordinances under "Amendments without Consent" above, the Holders of at least 51% of the principal amount of Outstanding Bonds affected by the proposed Supplemental Ordinance and when required by of a Credit Facility, the related Credit Entity, shall have the right to consent to and approve the adoption by the Authority of other Supplemental Ordinances; provided, however, that nothing contained in this Article shall permit or be construed as permitting the following actions without the following consents: (i) an extension of the maturity of the principal of, or mandatory redemption date of, or the interest on any Bond, except upon the consent of the Holders of 100% of the principal amount of Bonds being affected thereby, (ii) a reduction in the principal amount of, or the premium or rate of interest on any Bond, except upon the consent of the Holders of 100% of the principal amount of all Bonds being affected thereby, (iii) modification of the privilege or priority of any Senior Lien Bond or Bonds over any other Senior Lien Bonds, except upon the written consent of the Holders of 100% of the principal amount of the Senior Lien Bonds Outstanding or (iv) modification of the privilege or priority of any Junior Lien Bond or Junior Lien Bonds of a Priority of Lien over any other Junior Lien Bonds of a different Priority of Lien, except upon the written consent of the Holders of 100% of the principal amount of Junior Lien Bonds Outstanding. For the purposes of obtaining the foregoing consents, a Credit Entity shall be deemed to be the Holder of Senior Lien Bonds or Junior Lien Bonds pledged by the Authority to the Credit Entity or owned by the Credit Entity or Senior Lien Bonds or Junior Lien Bonds secured by a Credit Facility except to the extent the Credit Entity has not honored a draw on its Credit Facility which draw complies with the requirements of the Credit Facility.

The Trustee shall give written notice of the proposed adoption of a Supplemental Ordinance by mail to the registered addresses of Holders of the Outstanding Bonds and to the Credit Entity. Such notice shall briefly set forth the nature of the proposed Supplemental Ordinance and shall state that copies thereof are on file at the designated trust office of the Trustee for inspection by Holders of Bonds. If, within 60 days or such longer period as shall be prescribed by the Trustee at the written direction of an Authorized Officer following the mailing of such notice, the Holders of not less than the required percent of the principal amount of the Senior Lien Bonds and Junior Lien Bonds Outstanding by instruments filed with the Trustee shall have consented to the adoption thereof and any other prerequisites such as the approval of any Credit Entity having such right, such Supplemental Ordinance may be adopted and the Bond Ordinance shall be deemed to be modified and amended in accordance therewith.

Anything in the Bond Ordinance to the contrary notwithstanding, a Supplemental Ordinance which affects the rights, duties and obligations of the Trustee shall not become effective unless and until the Trustee shall have consented in writing in the case of the Trustee, to the adoption of such Supplemental Ordinance and unless the Authority has first obtained the approval of the State Department of Treasury if such approval is required.

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**APPENDIX IX**
**SUMMARY OF THE WATER AND SEWER SERVICES AGREEMENT**

This summary does not purport to be comprehensive or definitive and is subject to all of the terms of the Water and Sewer Services Agreement, to which reference is hereby made and copies of which are available on GLWA's website at www.glwater.org or from the Underwriters prior to the execution and delivery of the Series 2026 Bonds and thereafter may be examined or obtained at the expense of the person requesting the same at the corporate trust office of the Trustee.

**General**

The City and the Authority (the "Parties") entered into the Water and Sewer Services Agreement on June 12, 2015. Pursuant to the Water and Sewer Services Agreement, the Authority will provide water to the Detroit Local Water Facilities ("Water Services") and will collect, carry, separate, treat and dispose of both sewage and water runoff from the Detroit Local Sewer Facilities to the Regional Sewer System ("Sewer Services"), all as more fully provided therein. Additionally, the Water and Sewer Services Agreement establishes and defines the scope of the agency relationship between the City and the Authority with respect to the development of rates and the billing, collection and enforcement of charges for the provision of Water Services and Sewer Services to Retail Customers, as described below. On June 27, 2018, certain sections of the Water and Sewer Services Agreement were clarified under the 2018 MOU. For a summary of the 2018 MOU as it relates to the Water and Sewer Services Agreement, see APPENDIX XI - SUMMARY OF 2018 MOU. On July 1, 2020, the First Amendment to the Water and Sewer Services Agreement (the "Amendment") became effective. The Amendment allowed the City to deposit to the WRAP Fund an amount not less than 0.5% but not greater than 1.0% of the base budgeted operating revenues for the Detroit Local Systems. Prior to the Amendment, the City could only contribute an amount equal to 0.5% of the base budgeted operating revenues for the Detroit Local Systems to WRAP.

**Definitions**

In addition to terms defined elsewhere in this Official Statement, the following terms shall have the following meanings:

"Authority Bonds" means bonds or other evidences of indebtedness assumed by the Authority under the Leases and related Master Bond Ordinance or issued by the Authority under the related Bond Ordinance pursuant to Act 94 and secured by a pledge of and statutory lien upon the Net Revenues (as that term is defined in the related Master Bond Ordinance) of the related System.

"Detroit Local Systems" means, collectively, the Local Water System and the Local Sewer System.

"Green Infrastructure" means an array of products, technologies and practices that use natural systems or engineering systems that mimic natural process by using soils and vegetation to remove storm water from the Sewer System as components of a storm water management system, which systems may include by are not limited to green roofs, porous pavement, rain gardens and vegetated swales.

"Green Infrastructure Program" means implementation of Green Infrastructure to remove storm water from the Sewer System and expenditure of the average annual requirement as required by the Wastewater Treatment NPDES Permit.

"Master Bond Ordinance" means, individually or collectively, as the context requires, the ordinance adopted by the Authority prior to the Effective Date for each System, setting forth the terms and provisions under which Authority Bonds may be assumed or issued.

**Water Services**

The Authority shall provide Water Services in amounts sufficient to meet the requirements of the Water and Sewer Services Agreement and in compliance with the technical and other requirements as provided in the Water and Sewer Services Agreement. The City agrees to remit payment for all Water Services provided by the Authority at such rates as the Authority may establish, but only from amounts billed to and collected from Retail Customers. The City shall act as agent for the Authority as described below with respect to the development of rates, and billing and collecting and enforcing the collection of fees and charges from Retail Customers for Water Services. The City shall establish rates consistent with Applicable Laws that are reasonably projected to meet the revenue requirement the Authority establishes for Retail Customers as well as other costs of the Local Water System; provided that:

(i) rates established by the Authority shall be reasonable in relation to the costs incurred by the Authority for the supply of water;

(ii) the Authority shall not establish a revenue requirement for Retail Customers for the 2015-2016 Fiscal Year in an amount exceeding the revenue requirement established by DWSD for that period; and

(iii) each year, the Authority shall reflect in the revenue requirement a credit for the Retail Customers located in the City in the amount of $20,700,000 against the portion of the Authority's revenue requirements allocated to the City, representing the return on equity to the City for the Water System in recognition of the City's ownership of the Water System and support of the rate structure for the Water System.

Measurement of City Usage. Annual volume and demands (used interchangeably as Units of Service) of the Local Water System on the Regional Water System will be estimated based on a combination of retail automated meter sales data and estimated sales data for non-automated meter customers, other Prudent Utility Practices measurement techniques, as well as all sources of non-revenue water. To the extent that all or a portion of water sales to the Local Water System becomes measured by master meters, the general approach may be modified.

Authority Usage. Until such time as the Leased Facilities are completely master metered, the Parties shall use the best available data and Prudent Utility Practices to develop Leased Facility annual volumes and maximum flow rates. Water usage by the Authority in the Leased Facilities connected to and receiving water service from the Local Water System shall be accounted for by applying applicable Prudent Utility Practices, including metering where feasible, and where not metered subject to the quarterly review and concurrence by the City and the Authority. Such usage may be excluded from any calculations used to determine the annual purchase volumes, maximum day demands or peak hour demands for Water Services to Retail Customers from the Authority.

Water Treatment Production Metering. The Authority shall complete the metering improvements specified in the Fiscal Year 2016 Water Supply System Capital Improvement Program, Fiscal Years 2016-2020, approved on March 1, 2015 by the Board of Water Commissioners, for the Northeast, Springwells, and Waterworks Park water treatment facilities no later than June 30, 2020. The Authority shall include in a future Authority CIP adequate means of measuring Authority consumption of water at other Regional Water Facilities.

Rate Methodology. The Authority shall adopt, and may amend from time to time, a methodology for ratemaking for the sale of water detailed in the Water and Sewer Services Agreement that complies with Michigan law. The Authority shall provide the City a description of such methodology and any amendment thereto in a form that complies with the provisions of the Water and Sewer Services Agreement and accounts for differences attributable to the Water and Sewer Services Agreement and the Leases. The Authority shall provide the City any update to its methodology within twenty (20) business days of its adoption by the GLWA Board.

Lease Payments. The Authority shall apply any portion of the Lease Payments directed by the City to debt service on Authority Bonds to the water revenue requirement established for the City and incorporate in its budget any portion of the Lease Payments directed by the City to the Detroit Local Account in the Water Improvement and Extension Fund.

Operation of Local Water System. The City shall repair, maintain, improve and operate the Local Water System in compliance with all Applicable Laws and the requirements of governmental and quasi-governmental permits issued with respect to the Local Water System or that are generally applicable to the Local Water System. Except to the extent caused by an act or omission of the Authority, the City shall be solely responsible for any noncompliance by the Local Water System with any of the foregoing, including the correction of the noncompliance and the payment of the costs thereof, and for the payment of any related fines, penalties, costs, losses or damages related thereto.

**Sewer Services**

The Authority shall provide Sewer Services to the Retail Customers in amounts sufficient and in compliance with other technical requirements as described in the Water and Sewer Services Agreement. The City agrees to remit payment for all Sewer Services provided by the Authority at such rates as the Authority may establish, but only from amounts billed to and collected from Retail Customers. The City shall act and is hereby appointed as agent for the Authority with respect to the development of rates for, and billing and collecting and enforcing the collection of fees and charges from the Retail Customers for Sewer Services. The City shall establish rates consistent with Applicable Laws that are reasonably projected to meet the revenue requirement the Authority establishes for Retail Customers, as well as other costs of the Local Sewer System; provided that:

(i) rates established by the Authority consistent with the Water and Sewer Services Agreement shall be reasonable in relation to the costs incurred by the Authority for the supply of Sewer Services; and

(ii) the Authority shall not establish a revenue requirement for the 2015-2016 Fiscal Year in an amount exceeding the amount currently in effect as established by DWSD for that period; and

(iii) each year, the Authority shall reflect in its rate structure for Sewer Services a credit for Retail Customers in the City in the amount of $5,516,000 against the portion of the Authority's revenue requirements allocated to the City, representing the return on equity to the City for the Sewer System in recognition of the City's ownership of the Sewer System.

Rate Methodology. The Authority shall adopt, and may amend from time to time, the methodology for ratemaking for the sale of Sewer Services that complies with Applicable Laws. The current methodology utilized by DWSD prior to the Effective Date is identified in the Water and Sewer Services Agreement. The Authority shall provide the City any update to its methodology within twenty (20) business days of its adoption by the GLWA Board.

Lease Payments. The Authority shall apply any portion of the Lease Payments directed by the City to debt service on Authority Bonds to the sewer revenue requirement established for the City and incorporate in its budget any portion of the Lease Payments directed by the City to the Detroit Account in the Sewer Improvement and Extension Fund.

Authority Usage. Sewer Services used by the Authority in the operation of the Leased Facilities connected to and receiving sewer service from the Local Sewer System shall be accounted for by applying applicable Prudent Utility Practices, including metering where applicable, and where not metered subject to the quarterly review and concurrence by the City and the Authority. Such usage shall be excluded from any calculations used to determine the City's cost for Sewer Services to Retail Customers from the Authority.

Operation of Local Sewer System. The City shall repair, maintain, improve and operate the Local Sewer System in compliance with all Applicable Laws and the requirements of governmental and quasi-governmental permits issued with respect to the Local Sewer System or that are generally applicable to the Local Sewer System, including without limitation the provisions of Wastewater Treatment NPDES Permit applicable to the Local Sewer System. Responsibilities for compliance with the Wastewater Treatment NPDES Permit shall be generally allocated as provided in the Water and Sewer Services Agreement. Except to the extent caused by an act or omission of the Authority, the City shall be solely responsible for any noncompliance by the Local Sewer System with any of the foregoing, including the correction of the noncompliance and the payment of the costs thereof, and for the payment of any related fines, penalties, costs, losses or damages related thereto.

Detroit Local System Usage. Until such time as the Detroit Local System is master metered, sewer usage by all Retail Customers connected to and receiving sewer service from the Detroit Local System shall be accounted for by Prudent Utility Practices including metering where applicable, and where not metered subject to the quarterly review and concurrence by the City and the Authority.

**Notification of Rates and Charges**

As soon as possible in the ratemaking process, the Authority shall provide information on proposed rates and charges and the draft data and information used in the calculation of the proposed rates in a format that will enable the City to assist in the ratemaking process. Not less than one hundred twenty (120) days prior to the effectiveness of any new rates, the Authority shall provide the City with written notice of the proposed rates and the underlying data used to calculate the rates. The Authority shall meet with the City to review the rates and the data.

**License**

Although the City has retained the right and responsibility to operate the Detroit Local Systems, it hereby grants the Authority the right to use the Detroit Local Systems for the Term of the Water and Sewer Services Agreement (coterminous with the Term of the Lease), in order to provide Water Services and Sewer Services to customers of the Regional Systems including Retail Customers.

**Deposit of Revenues**

Consistent with the assignment of Revenues contained in the Leases, the Authority and the City shall deposit or cause to be deposited all Revenues each receives or collects from the operation of the Systems into the Revenue Receipts Fund of the Authority or, where feasible, directly into the Receiving

Fund for the related System. From the Revenue Receipts Fund, the Revenue Receipts Trustee, at the direction of the Authority, shall allocate and cause these funds to be deposited into the appropriate Receiving Fund.

As described under "Appointment and Termination of Agency" below, the City shall act as an agent of the Authority when collecting the portion of the Revenues derived from the provision of Water Services and Sewer Services to the Retail Customers, and the City shall hold such Revenues in trust for the exclusive benefit of the Authority until such funds are deposited into the Revenue Receipts Fund.

**Application of Lease Payments**

In accordance with the Leases, no later than May 1 each year the City shall provide to the Authority a written direction concerning the application of the Lease Payments to be paid by the Authority to the City for the next Fiscal Year (each a "Direction to Apply Lease Payment"). A Direction to Apply Lease Payment shall include direction as to the allocation of the full amount of the Lease Payment for that year, and may also reflect commitment of Lease Payments for future years to the payment of debt service on Authority Bonds, consistent with the Leases. The Direction to Apply Lease Payment shall direct the Authority to allocate and credit to the City identified portions of the Lease Payment for: (i) the payment of principal of and interest on that portion of the Authority Bonds issued to finance the cost of improvements to the Detroit Local Facilities; (ii) the payment of the City's share of the principal of and interest on Authority Bonds issued to finance the cost of common-to-all improvements to the Leased Facilities; and (iii) the payment of the cost of improvements to and repairs of the Detroit Local Facilities. Upon receipt of the Direction to Apply Lease Payment from the City, the Authority shall ensure that the Lease Payments are allocated to Authority funds and accounts consistent with that direction, and shall honor any direction from the City to release to the City portions of the Lease Payment which are required to be deposited in the Detroit Local System Account in the Authority's Improvement and Extension Fund to the City to be applied to Detroit Local System improvements. The Authority shall transfer such amounts to the designated Bond Funds and the Detroit Local System Account in the related Improvement and Extension Fund at the times specified in the Master Bond Ordinance.

To the extent any portion of the Lease Payments have not previously been encumbered, the City may amend a Direction to Apply Lease Payment at any time during each Fiscal Year, to pay debt service or to pay the cost of an executed contract for improvements to the Detroit Local Facilities. The City may not amend a Direction to Apply Lease Payment to redirect any portion of a Lease Payment previously committed by the City to pay debt service on outstanding Authority Bonds or an executed contract for improvements to the Detroit Local Facilities.

**Appointment and Termination of Agency**

The Authority appoints the City as its agent, and the City accepts such appointment as agent, to perform the services and undertake the duties, obligations and administrative functions described in the third sentence of the first paragraph under "Water Services" above, in the third sentence of the first paragraph under "Sewer Services" above, and in the second paragraph under "Deposit of Revenues" above on behalf and for the benefit of the Authority, in accordance with the terms of the Water and Sewer Services Agreement and Applicable Law. This appointment and the City's acceptance thereof may not be revoked or terminated except in accordance with the express terms described under "Termination of Agency" below. Unless and until this agency relationship between the Authority and the City is revoked or terminated in whole or in part as described below, the City is authorized and empowered by the Authority to execute and deliver, in the name and on behalf of the Authority, any and all instruments, documents or notices necessary or appropriate in performing its role as agent of the Authority under the Water and Sewer Services Agreement. The Authority shall execute and deliver to the City such documents as have been prepared by the

City for execution by the Authority and shall furnish the City with such other documents as may be in the Authority's possession, in each case, as the City may determine to be necessary or appropriate to enable it to carry out and perform its duties, obligations and administrative functions under the Water and Sewer Services Agreement and Applicable Law. Upon the City's written request, the Authority shall furnish the City with any powers of attorney or other documents necessary or appropriate to enable the City to carry out and perform its duties, obligations and administrative functions hereunder. The City may perform its agency duties directly or through one or more third parties, provided that the City shall remain primarily responsible for the performance of such duties.

The City shall act in its capacity as agent for the Authority (and not in its own capacity as principal or otherwise) for the purposes described in the first paragraph under "Water Services" above, in the first paragraph under "Sewer Services" above and under "Deposit of Revenues" above. The Authority may revoke or terminate, in accordance with the procedures described under "Termination of Agency" below, its appointment of the City as agent for the Authority, if the City fails to perform its duties, obligations or administrative functions in accordance with and as described in the first paragraph under "Water Services" above, in the first paragraph under "Sewer Services" above and under the "Deposit of Revenues" above and, to the extent applicable, the Performance Standards and Applicable Law; and in particular by failing to:

(i) Establish a two-year budget which includes the costs of performing the City's agency responsibilities for the Detroit Local Systems under the Water and Sewer Services Agreement no later than April 23 of each year starting with Fiscal Year 2017;

(ii) Establish rates reasonably intended to meet the revenue requirements for the Water Services and Sewer Services for each Fiscal Year that will become effective no later than June 30 of the prior Fiscal Year;

(iii) Send bills to Retail Customers at least every other month;

(iv) Collect and enforce payment of bills consistent with the Performance Standards; and

(v) Deposit Revenues as described under "Deposit of Revenues" above.

Termination of Agency. In the event the City fails to satisfy any of the requirements described in the immediately preceding paragraph at any time after attempting to resolve concerns as provided under "Dispute Resolution" below, the Authority may, but is not obligated or required to, revoke or terminate the agency of the City with respect to those requirements that the City has failed to carry out and perform (but the agency shall continue with respect to all other requirements), subject to prior compliance by the Authority with the exclusive procedures and remedies provided and described under "Remedies" and "Arbitration" below. If, pursuant to a decision of the Arbitration Panel as described under "Remedies" and "Arbitration" below, the Arbitration Panel determines that the City has failed to satisfy any of the requirements set forth in the immediately preceding paragraph, the Authority may perform each of those requirements that was not satisfied by the City in accordance with the Water and Sewer Services Agreement directly or through another appointed agent. The City may not resign or assign any of its responsibilities as described under this "Appointment and Termination of Agency" without the prior written consent of the Authority.

## Standard of Performance

The Authority shall endeavor to perform, or cause to be performed, all Services required under the Water and Sewer Services Agreement in compliance with Prudent Utility Practices, but shall in no event perform the Services at a level of service below the Performance Standards.

## Cooperation of Parties

The Parties shall cooperate reasonably with each other in connection with any steps required to be taken as part of their respective obligations under the Water and Sewer Services Agreement, and shall (i) furnish upon request to each other such information and data, including maps, which are reasonably accessible and would not cause the Party providing such information and data to violate the terms of any agreement to which it is subject at the time of the request; (ii) execute and deliver to each other such other documents; and (iii) do such other acts and things, all as the other Party may reasonably request that is necessary or convenient to effectuate the purposes of the Water and Sewer Services Agreement and the transactions contemplated thereby.

The Director of DWSD-R and the Chief Executive Officer of the Authority or their designees shall initially meet weekly or at such other interval as they shall reasonably agree to review data, information and processes relevant to the operation and management of the Systems, including capital improvements, the Authority CIP and the Detroit CIP, maintenance and repairs, and any other issues arising out of the Leases or the Water and Sewer Services Agreement. Such meetings shall include a review of Service delivery and any other issues relevant to the Water and Sewer Services Agreement. The City and the Authority agree to develop plans and protocols for operational coordination, GIS coordination, hydraulic water and sewer modeling, fire hydrant removal coordination and asset identification.

The Parties agree and covenant to coordinate all efforts and undertakings under the Water and Sewer Services Agreement, including the implementation of the Detroit CIP and the Authority CIP, with the goal of maximizing any economies of scale and achieving any other available financial and operational efficiencies from such coordination. The Parties shall develop a long-term plan for the installation of master meters and backflow prevention devices between the Detroit Local Water System and the Regional Water System to be implemented in connection with the implementation of the Detroit CIP, recognizing that the installation of such meters may be implemented over a long period of time. Such plan shall provide for modifications to the Systems as part of replacement projects to facilitate metering implementation.

The City and the Authority shall confer at least annually to develop, coordinate and prioritize a schedule for financing components of the Authority CIP and the City CIP, including grant applications and prioritization of applications for financing through the Michigan Clean Water Revolving Loan Fund or the Drinking Water Revolving Loan Fund.

With respect to each permit issued in the names of both the Authority and the City, the Parties shall identify which Party state regulatory officials should contact regarding questions or enforcement matters and the Parties shall provide such contact information to the issuer of the permit. The Parties shall jointly or separately perform such functions under the Wastewater Treatment NPDES Permit as set forth in the Water and Sewer Services Agreement.

The Parties shall maintain a combined sewer overflow control plan which shall include protocols for the management of City and Authority facilities during wet weather events. The Parties recognize that (i) the City is served by a combined sewer overflow ("CSO") system and that the rate of flow will vary greatly depending upon the rainfall magnitude and other climatological factors, and (ii) under certain conditions the Regional Sewer System will have insufficient capacity to handle all flow generated by the City.

The Authority will continue to operate the Regional Sewer System in accordance with the current Michigan Department of Environment, Great Lakes, and Energy ("EGLE") approved Wet Weather Operational Plan (the "Operational Plan") to provide service to the City. In situations where the Operational Plan does not address a particular instance or issue, the Parties agree that the mutual goal of the Parties is to maximize the treatment and disinfection of Flows (as defined in Exhibit B to the Water and Sewer Services Agreement). Review and modification of the Operational Plan may occur periodically as mutually agreed between the Parties, and approved by EGLE. Such review and/or modification may occur as Sewer System improvements are implemented or adaptive management strategies are found to be effective and formalized. If changes to the Operational Plan are significant and result in increased capacity limits for Authority wholesale customers, an adjustment to the CSO cost allocation or other appropriate cost allocation may be considered.

To the extent the Wastewater Treatment NPDES Permit allows for and requires Green Infrastructure, the City shall be primarily responsible for performing the Green Infrastructure Program required by the Wastewater Treatment NPDES Permit, including achieving the wet weather flow removal goal and annual average expenditure requirement. The City also shall be primarily responsible for performing the elective Green Infrastructure elements of the Wastewater Treatment NPDES Permit. The City's responsibility shall be limited to projects in the City. Subject to the City's reasonable approval, the Authority may propose additional Green Infrastructure Projects on properties located in but not owned by the City to the extent the projects are demonstrated to provide cost effective reduction of wet weather flow into sewers. Subject to the Authority's reasonable approval, the City may apply any wet weather flow removed, and expenditure made, by any additional Green Infrastructure Projects performed by the Authority to meet the flow removal and annual expenditure requirements of the Wastewater Treatment NPDES Permit. In the event the City fails to implement any Green Infrastructure required under the Wastewater Treatment NPDES permit in the timeline provided in such permit, the Authority may implement Green Infrastructure Programs in the City in order to meet the permit requirements. In such event, the Authority shall give the City notice of its intent to implement Green Infrastructure in the City in the following Fiscal Year no later than the end of the December after the Authority's review of the report provided to EGLE in August of each year.

The Authority shall have the right to review and approve the City's construction plans for meter facilities at new water distribution points to be connected to the Leased Water Facilities, water mains sized twenty-four inches and larger, pump stations, reservoirs, water towers, and any other construction that will cross, or be within close proximity to, or have influence upon the Leased Water Facilities. The Authority's approval of construction plans shall be timely and shall not be unreasonably withheld.

**City Budget; Detroit CIP; Application of Lease Payments**

Each year the City shall provide the Authority with: (i) the budget forecast for the Detroit Local Systems as described below; (ii) the budgets for the operation and maintenance and other funding requirements of the Detroit Local Systems (the "Detroit Local System Budgets") as described below; (iii) the Detroit CIP as described below; and (iv) the Direction to Apply Lease Payment as described under "Application of Lease Payments" above.

<u>Preliminary Budget Forecast</u>. The City agrees to provide the Authority with a preliminary budget forecast for the Detroit Local Systems. The City shall prepare and submit to the Authority on or before January 1 of each year, a preliminary two-year budget forecast for the Detroit Local Systems for the following two Fiscal Years that sets forth projected revenues and expenses for each such Fiscal Year. The preliminary budget forecast shall set forth the City's assumptions for at least that two-year period with respect to demand for Water Services and Sewer Services and the expected delinquency level for amounts billed to Retail Customers in the City. The preliminary forecast for each such Fiscal Years shall project

revenues necessary to generate the sum of the projected expenses and revenue requirements for the Detroit Local Systems for such Fiscal Years (collectively, the "Local Revenue Requirement") and the City share of the Authority's revenue requirement, including without limitation the following:

(i) the amounts reasonably necessary to fund all expenses of administration and operation and the expenses for maintenance as may be necessary to preserve the Detroit Local Systems in good repair and working order;

(ii) the Detroit Local Systems' share of the common-to-all amounts required to fund the Lease Payments;

(iii) the Detroit Local Systems' share of debt service on the portion of the Authority Bonds issued to finance capital improvements to the Regional Systems and the Detroit Local Systems not covered by Lease Payments;

(iv) the amounts necessary to fund the Detroit CIP or make deposits to the Detroit Local Improvement and Extension Account of the Improvement and Extension Funds in the applicable Master Bond Ordinance from Retail Revenues, a portion of the Lease Payments or bond proceeds;

(v) the Detroit Local Systems' share of the (x) common-to-all portion of liability assumed by the Authority on behalf of DWSD as a result of the City's Plan of Adjustment, including costs of (A) debt service on the B Notes, (B) debt service on the C Notes, and (C) funding for the City's frozen General Retirement System pension plan, and (y) the portion of such liabilities associated with Detroit Local System employees;

(vi) the amount necessary to be deposited to the WRAP Fund, which shall be not less than 0.5% but not greater than 1.0% of the base budgeted operating revenues for the Detroit Local Systems for such Fiscal Year;

(vii) for each of Fiscal Years 2016, 2017 and 2018, an amount equal to one-third of the Budget Stabilization Requirement; and for subsequent Fiscal Years one-third of the amount necessary to assure that the Budget Stabilization Requirement will be on deposit in the Budget Stabilization Fund within three full Fiscal Years; and

(viii) any other amount that the City may be required to pay to the Authority in order to satisfy its revenue requirement from the Authority for such Fiscal Years. If the Authority issues bonds or other debt to satisfy its portion of liability associated with the City's frozen General Retirement System pension plan, the City shall include its portion of the debt service thereon in the Detroit Local System Budgets.

The City shall prepare an impact statement with respect to any new, modifications for or other changes in program or activity levels and revenue requirements for the forecast period. The impact statement shall include an explanation of the rationale for the change and the financial impact of the change on current and future budgets. The City and the Authority agree to act in good faith and to meet to review the budget forecast and the assumptions therefore relating to demand for Water Service and Sewer Service and delinquencies and any other significant assumptions. If City and Authority administrators are unable to resolve differences of opinion regarding the assumptions, then the Reconciliation Committee shall meet promptly for the purpose of reaching consensus.

Adopted Budget. No later than March 23 of each year, the City shall develop, adopt and provide the Authority with a copy of the Detroit Local System Budgets for the following two Fiscal Years. The Detroit Local System Budgets shall identify the Local Revenue Requirement for each Local System and shall include for each such Fiscal Year, at a minimum:

(i) the amounts reasonably necessary to fund all expenses of administration and operation and the expenses for maintenance as may be necessary to preserve the Detroit Local Systems in good repair and working order;

(ii) the Detroit Local Systems' share of the common-to-all amounts required to fund the Lease Payments;

(iii) the Detroit Local Systems' share of debt service on the portion of the Authority Bonds issued to finance capital improvements to the Regional Systems and the Detroit Local Systems not covered by Lease Payments;

(iv) the amounts necessary to fund the Detroit CIP or make deposits to the Detroit Local Improvement and Extension Account of the Improvement and Extension Funds in the applicable Master Bond Ordinance from Retail Revenues, a portion of the Lease Payments or bond proceeds;

(v) the Detroit Local Systems' share of the (x) common-to-all portion of liability assumed by the Authority on behalf of DWSD as a result of the City's Plan of Adjustment, including costs of (A) debt service on the B Notes, (B) debt service on the C Notes, and (C) funding for the City's frozen General Retirement System pension plan, and (y) the portion of such liabilities associated with Detroit Local System employees;

(vi) the amount necessary to be deposited to the WRAP Fund, which shall be equal to 1.0% of the base budgeted operating revenues for the Detroit Local Systems for such Fiscal Year;

(vii) for each of Fiscal Years 2016, 2017 and 2018, an amount equal to one-third of the Budget Stabilization Requirement; and for subsequent Fiscal Years one-third of the amount necessary to assure that the Budget Stabilization Requirement will be on deposit in the Budget Stabilization Fund within three full Fiscal Years; and

(viii) any other amount that the City may be required to pay to the Authority in order to satisfy its revenue requirement from the Authority for such Fiscal Years. If the Authority issues bonds or other debt to satisfy its portion of liability associated with the City's frozen General Retirement System pension plan, the City shall include its portion of the debt service thereon in the Detroit Local System Budgets.

Tracking. The City shall, within 45 days following the end of each fiscal quarter of each Fiscal Year, furnish to the Authority a comparison of actual revenues and expenses for such fiscal quarter against the budgeted amounts in each Detroit Local System Budget. If the Authority determines that for such fiscal quarter there is a significant unfavorable variance which is reasonably expected to have a negative effect on the Authority's budget with respect to revenues or any of the following expense categories: (i) compensation (including wages, salaries and fringe benefits), (ii) operation and maintenance expenses and (iii) debt service, then the Reconciliation Committee (consisting of a member of the GLWA Board appointed by the Mayor of the City, or his or her designee, and a member of the Board of Water Commissioners of the City, or his or her designee) shall meet promptly for the purpose of reviewing actions the City proposes to take to address such significant unfavorable variance. Following the meeting of the Reconciliation Committee, the City agrees to take actions to address any such significant unfavorable variance and to make appropriate adjustments to the related Detroit Local System Budget in the current and succeeding Fiscal Year. Favorable variances may be incorporated into the budget by following the same process. An impact statement shall be prepared for each such action, and the impact of any budget amendments shall be carried through, as appropriate, in budget forecasts for subsequent Fiscal Years. The Authority may draw on the Budget Stabilization Fund an amount equal to the amount by which actual bad debt expense of the Retail Customer class exceeds the budgeted bad debt expense for that class. At least quarterly, and in connection with the preparation of the annual audit for the Local Water System and the Local Sewer System, the chief financial officers of the Authority and DWSD-R shall determine whether a draw on the Budget Stabilization Fund is necessary. In the event the chief financial officers cannot reach agreement on whether a draw is necessary, the Reconciliation Committee shall promptly meet for the purpose of resolving such disagreement. Amounts on deposit in the Budget Stabilization Fund in excess of the Budget Stabilization Requirement for the following Fiscal Year based on audited financial statements shall be transferred to the Detroit Local Improvement and Extension Account of the Improvement and Extension Fund in the applicable Master Bond Ordinance.

Detroit CIP. No later than February 1 of each year, the City shall develop and provide the Authority with a copy of its current Detroit CIP for the Detroit Local Facilities. The Detroit CIP shall include the capital improvements and estimate of the costs therefor which the City plans to undertake in the next Fiscal Year, and projected capital improvement projects and estimates for the five years following. At least three months prior to finalizing each Detroit CIP and any modifications thereto, the City shall provide a copy of the proposed CIP to the Authority solely for the purpose of: (A) coordinating the Detroit CIP and the Authority CIP to maximize economies of scale, minimize service disruptions and to achieve other efficiencies from a coordinated implementation effort, and (B) providing notice to the Authority of any financing requirements of the City for the Detroit Local Facilities to be satisfied from Lease Payments and/or the issuance of Authority Bonds or requests for collaboration on grant applications or other funding opportunities. Upon receipt of the adopted Detroit CIP from the City, consistent with the fourth paragraph under "Cooperation of Parties" above, the Authority shall ensure that its financial planning and budgeting reflect the foregoing requirements.

The City agrees that, in conjunction with the implementation of the Detroit CIP and consistent with the plan developed as described in the third paragraph under "Cooperation of Parties" above, it will install master water meters to measure consumption by the Detroit Local Water System and cross connection controls between the Detroit Local Water System and the Regional Water System.

**Third Party Disputes**

Each Party hereby agrees to reasonably assist the other Party in the event any disputes arise between any Party and any third party arising out of the operation and maintenance of the Systems. In the event of a dispute between the Authority or the City and any third party, the City and the Authority shall cooperate with each other to resolve and defend such dispute. Any disputes between the City and the Authority arising in connection with third party disputes as described in this paragraph shall be resolved as described under "Dispute Resolution" below.

**System Operation Costs**

Each year, each Party shall provide to the other Party information and data regarding its actual costs associated with providing Water Services and Sewer Services to its respective wholesale and Retail Customers for the following Fiscal Year to allow the other Party to establish the revenue requirements for the Systems.

**First Response; Findings**

The City shall be the first responder for unscheduled and/or emergency situations (e.g. main breaks, sinkholes, etc.) which may arise in those portions of the Systems' water transmission and distribution system and wastewater collection system within the City. The City shall promptly respond when necessary and work diligently to stabilize (e.g. notify miss-dig, throttle valves, install traffic control), using Prudent Utility Practices, the affected portion of the Systems, to protect public health and safety and minimize property damage, regardless of responsibility for that portion of the Systems. The City will notify the Authority, in accordance with established protocols, prior to taking actions beyond those necessary to stabilize the affected portion of the Systems. Each Party reserves the right to take over response actions to the extent that the action is related to an asset for which it has operating responsibility.

The Parties shall establish mutually agreeable and coordinated response protocols for unscheduled and/or emergency response situations and include the protocol in the Shared Services Agreement. In all cases where investigation and/or work is to be or has been performed by a Party, the responding staff of that Party is to respond promptly, take necessary actions in accordance with Prudent Utility Practices, standards, exercise due care, document the results of any investigation, and notify the other Party of all findings. Any disputes arising from such unscheduled and/or emergency repairs shall be resolved as described under "Disputes Arising from Physical, Technical and Mechanical Issues" below.

**Defaults**

Either Party shall be in default under the Water and Sewer Services Agreement if it fails to fully perform and comply with any of the terms, conditions or provisions of the Water and Sewer Services Agreement after it has received thirty (30) days' notice of such default, provided that if such failure cannot be remedied within such thirty (30) day cure period, the defaulting Party shall not be in default if it commits to remedy within the thirty (30) day cure period and diligently pursues the remedy to its completion.

**Remedies**

Upon default of the Authority, the City may, at its sole option and as its exclusive remedy, pursue any rights and remedies available to such Party at law or in equity under the Water and Sewer Services Agreement as determined in accordance with the dispute resolution procedures described under "Dispute Resolution," "Arbitration" and "Disputes Arising from Physical, Technical and Mechanical Issues" below, including specific performance; provided, that the City may not terminate the Water and Sewer Services Agreement.

Upon default of the City, the Authority may but is not required to: (i) terminate the agency described above under "Appointment and Termination of Agency" and exercise all rights granted to the City thereunder, which includes the power of the Authority to establish rates to be paid by the Retail Customers for the Services and to charge, bill and collect from the Retail Customers amounts due for the Services; and (ii) pursue all rights and remedies available to the Authority described under "Dispute Resolution," "Arbitration" and "Disputes Arising from Physical, Technical and Mechanical Issues" below; provided, that the Authority may not terminate the Water and Sewer Services Agreement and shall continue to provide Water Services and Sewer Services as described under "Water Services" and "Sewer Services" above. The foregoing remedies are the exclusive remedies available upon a default for non-payment by the City.

**Waiver**

The failure of any Party to insist in any one instance upon strict performance by the other Party of its obligations under the Water and Sewer Services Agreement shall not constitute a waiver or relinquishment of any such obligations as to any other instances. No covenant or condition of the Water and Sewer Services Agreement may be waived by either Party except in a writing signed by that Party, and the forbearance or indulgence of that Party in any regard whatsoever and regardless of the duration of such forbearance or indulgence shall not constitute a waiver of the covenant, condition or obligation until performed or waived in writing, and that Party shall be entitled to invoke any remedy available to that Party under the Water and Sewer Services Agreement despite the forbearance or indulgence.

**Dispute Resolution**

The Authority and the City shall each designate in writing to the other from time to time a representative who shall be authorized to resolve any dispute relating to the subject matter of the Water and Sewer Services Agreement in an equitable manner and, unless otherwise expressly provided herein, to exercise the authority of such party to make decisions by mutual agreement.

The City and the Authority each agree (i) to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner and (ii) to provide each other with reasonable access during normal business hours to any and all non-privileged written records, information and data pertaining to any such dispute.

If any dispute relating to the subject matter of the Water and Sewer Services Agreement is not resolved between the City and the Authority as described under this "Dispute Resolution" within 30 days from the date on which a party provides written notice to the other party of such dispute and of the notifying party's position on the disputed matter, then upon written notification by either party to the other party, such dispute shall be settled exclusively and finally by binding arbitration as described under "Arbitration" below.

During the pendency of any dispute and until such dispute is resolved the Parties shall continue to operate under the terms of the Water and Sewer Services Agreement.

**Arbitration**

It is specifically understood and agreed that any dispute or claim arising under or relating to the Water and Sewer Services Agreement that cannot be resolved between the City and the Authority, other than disputes arising under "Disputes Arising from Physical, Technical and Mechanical Issuers" below, including any matter relating to the interpretation or performance of the Water and Sewer Services Agreement, shall be submitted to binding arbitration irrespective of either the magnitude thereof or the amount in dispute.

Each arbitration between the City and the Authority shall be conducted pursuant to the Uniform Arbitration Act, Act No. 371, Public Acts of Michigan, 2012 ("Act 371").

The arbitration shall be conducted before a panel composed of three arbitrators (the "Arbitration Panel"). Each party shall appoint an arbitrator, obtain its appointee's acceptance of such appointment and deliver written notification of such appointment and acceptance to the other party within 15 days after delivery of a notice of arbitration. The two arbitrators appointed by the City and the Authority shall jointly appoint the third (who shall be the chairperson), obtain the acceptance of such appointment and deliver written notification of such appointment within 15 days after their appointment and acceptance.

Any arbitration commenced hereunder shall be completed within 120 days after the appointment of the Arbitration Panel absent agreement of the City and the Authority to the contrary. Further, absent agreement of the City and the Authority or, upon request of one of the Parties, an order from the Arbitration Panel to the contrary: (i) all discovery shall be completed within 60 days after the appointment of the Arbitration Panel; (ii) each Party shall be limited to a maximum of 5 depositions; (iii) each deposition shall be completed within a maximum period of two consecutive 8-hour days; (iv) each Party shall be limited to 2 expert witnesses; and (v) interrogatories shall be limited to a maximum of 50 single issues without subparts. The City and the Authority waive any claim to any damages in the nature of punitive, exemplary or statutory damages in excess of compensatory damages or otherwise expressly provided for herein, and the Arbitration Panel is specifically divested of any power to award such damages. The Arbitration Panel shall have the power to award injunctive or other equitable relief. All decisions of the Arbitration Panel shall be pursuant to a majority vote. Any interim or final award shall be rendered by written decision.

If either the City or the Authority fails to appoint its arbitrator within 15 days after delivery of a notice of arbitration, or if the two arbitrators appointed cannot agree upon the third arbitrator within 15 days after appointment of the second arbitrator, then the required arbitrator(s) shall be appointed by the American Arbitration Association or as otherwise agreed by the City and the Authority.

No arbitrator shall be a past or present employee or agent of, or consultant or counsel to, either the City or the Authority or any affiliate of either the City or the Authority.

The Authority and the City shall each bear the out-of-pocket costs and expenses of their respective arbitrator, attorneys and witnesses, and they shall each bear one-half of the out-of-pocket costs and expenses of the chairperson of the Arbitration Panel and all administrative support for the arbitration.

**Disputes Arising from Physical, Technical and Mechanical Issues**

If any disputes arise between the City and the Authority regarding physical, technical or mechanical issues arising under the Water and Sewer Services Agreement (but specifically excluding any claims that may arise under Act 222, Public Acts of Michigan, 2001, as amended), including but not limited to the assignment of responsibility for breaks or failures of water and sewer pipes or other mechanical failures based on the operating control of the respective portion of the facilities, and the Parties do not resolve such dispute within fourteen days, or such other time mutually agreeable to the Parties, after the City or the Authority expresses its disagreement with the position of the other Party to such matters, a committee consisting of one officer (as well as such other employees with expertise in the particular area of dispute) of the Authority and one officer (as well as such other employees with expertise in the particular area of dispute) of the City shall meet and attempt in good faith to resolve such dispute. If such committee is unable to resolve such dispute within fourteen days, or such other time mutually agreeable to the Parties, following their initial meeting, then the Parties shall select a panel of three engineers with experience in the design, construction, or operation and maintenance of a water and sewer utility system in the same manner as the Arbitration Panel is selected as described in the third paragraph under "Arbitration" above (the "Engineer Panel"), and the Engineer Panel shall be designated to consider and decide the issues raised by such dispute unless both Parties determine that further discussions by the committee are merited. The Engineer Panel shall be designated not later than the third day following the expiration of the second fourteen-day or other period described above, such designation to become effective on the third day following such designation. Within ten days after the designation of the Engineer Panel, the Authority and the City shall each submit to the Engineer Panel a notice (a "Technical Position Notice") setting forth in detail such Party's position in respect of the issues in dispute. Such notice shall include supporting documentation, if appropriate.

The Engineer Panel shall complete all proceedings and issue its decision with regard to the issues under dispute as promptly as reasonably possible, but in any event not later than ten days after the date on which both Technical Position Notices are submitted, unless the Engineer Panel reasonably determines that additional time is required in order to give adequate consideration to the issues raised. In such case, the Engineer Panel shall state in writing its reasons for believing that additional time is needed and shall specify the additional period required, which period shall not exceed ten days without the City's and the Authority's agreement.

In resolving a dispute under this section, the Engineer Panel shall consider all facts and circumstances the panel deems reasonable given the nature of the dispute.

The Engineer Panel shall choose either the City's position or the Authority's position as set forth in their respective Technical Position Notices or shall choose from each Party's Technical Position Notices the portions that are technically correct. If the Engineer Panel determines that the position set forth in the City's Technical Position Notice is correct, the panel shall so state and shall state the appropriate actions to be taken by the Authority. In such case, the Authority shall promptly take such actions. If the Engineer Panel determines that the position set forth in the Authority's Technical Position Notice is correct, the panel shall so state and shall state the appropriate actions to be taken by the City. In such case, the City shall promptly take such actions. If the Engineer Panel determines that a portion of the City's Technical Position Notice is correct and a portion of the Authority's Technical Position Notice is correct, the panel shall so state and shall state the appropriate actions to be taken by each respective Party. In such case, the respective Party shall promptly take such actions. The Engineer Panel may assign responsibility of the costs of repairs undertaken by a Party to the Party that is responsible for such water and sewer pipes. The decision of the Engineer Panel shall be final and non-appealable; provided that, any such decision may be treated as an arbitration award for purposes of enforcement.

The Authority and the City shall each bear the out-of-pocket costs and expenses of their respective engineer, attorneys and witnesses, and they shall each bear one-half of the out-of-pocket costs and expenses of the chairperson of the Engineer Panel and all administrative support for the arbitration.

**Appeals of Arbitration Awards and Decisions**

The City or the Authority may appeal an award or decision issued by the Arbitration Panel for the reasons set forth in Section 23 of Act 371 (MCL 691.1703).

**Enforcement of Arbitration Awards and Decisions**

The City or the Authority may enforce any awards or decisions of the Arbitration Panel or the Engineer Panel as described above pursuant to Section 22 of Act 371 (MCL 691.1702). The provisions of the Water and Sewer Services Agreement as described under "Dispute Resolution," "Arbitration" and "Disputes Arising from Physical, Technical and Mechanical Issues" above shall be the sole and exclusive remedy of the parties with respect to any claim or dispute, other than disputes arising under "Disputes Arising from Physical Technical and Mechanical Issues" described above. The City and the Authority agree not to bring, or cause to be brought, in a court of law any action, proceeding or cause of action whatsoever with respect to any such claim or dispute, other than as necessary to enforce the award or decision of the Arbitration Panel or the Engineer Panel as described in this paragraph.

**Amendments to Water and Sewer Services Agreement**

The Water and Sewer Services Agreement may be amended only by written agreement executed and approved by both Parties, as applicable. Approval by the GLWA Board shall be by supermajority vote.

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**APPENDIX X**
**SUMMARY OF THE SHARED SERVICES AGREEMENT**

This summary does not purport to be comprehensive or definitive and is subject to all of the terms of the Shared Services Agreement, to which reference is hereby made and copies of which are available on GLWA's website at www.glwater.org or from the Underwriters prior to the execution and delivery of the Series 2026 Bonds and thereafter may be examined or obtained at the expense of the person requesting the same at the corporate trust office of the Trustee. Capitalized terms used in this Appendix and not otherwise defined in this Official Statement shall have the meanings given to such terms in the Shared Services Agreement.

**General**

The City and the Authority entered into the Shared Services Agreement as of December 1, 2015 pursuant to which each party agreed to provide services to the other in connection with the management and operation of the Regional Sewer System and the Local Sewer System to avoid duplication of internal administrative and office functions. The Shared Services Agreement became effective on January 1, 2016.

**Service Delivery Schedules**

The City and the Authority have agreed that, to facilitate and enhance the efficiency of the operation of the Regional Systems by the Authority and the operation of the Local Systems by DWSD, and to increase the efficiency of operation of the Systems into the future, minimizing duplication of services and functions by both the Authority and the City, the City shall provide to the Authority the City Services for the periods described on the Service Delivery Schedules attached to the Shared Services Agreement and the Authority shall provide to the City the Authority Services for the periods described on the Service Delivery Schedules, commencing on the Effective Date, subject to periodic modification as to scope and duration as provided under "Modifications and Extensions of Service Delivery Schedules" below. Generally, the Performing Party for a particular Service will be the party that utilizes or requires the Service more than the Subscribing Party, unless such allocation of responsibility would result in a substantial increase in FTEs to the other Party. Each Service Delivery Schedule shall contain, at minimum, the following information:

a) the Performing Party and the Subscribing Party;

b) identification of the Service to be provided and how such Service shall be delivered;

c) the period for which the Service is to be provided;

d) the Service Cost, which, beginning no later than Fiscal Year 2017-2018, shall include a breakdown, where practicable, of each component of the Service Cost, and the charges therefor;

e) a statement of any variations of the terms of this Agreement which may be reasonably necessary for the specific Service being performed;

f) if necessary, a process for determining how such Services will be provided after an initial transition period; and

g) notice and other provisions, including Separation Costs, regarding the termination or modification of the Service under this Agreement.

The Parties may mutually agree to adopt new or modified Service Delivery Schedules as the need or desirability of such Services occurs or changes as described under "Modification or Extension of Service Delivery Schedules" below. The Director of DWSD (the "Director") and the Chief Executive Officer or their assignees shall maintain and update as necessary a list of primary contacts from each Party for each Service Delivery Schedule. Each Party shall ensure that the appropriate employee or officer of that Party responsible for the provision or subscription of a specific Service is kept informed of the current contact list.

Except as otherwise provided in a Service Delivery Schedule, no Party shall be responsible for paying any Separation Costs.

**Provision of Services**

The Authority shall perform or cause to be performed the Authority Services as provided in each applicable Service Delivery Schedule. The Authority may perform the Services directly or contract with third parties to perform all or a portion of the Services on its behalf.

The City shall perform, or cause to be performed, the City Services as provided in each applicable Service Delivery Schedule. The City may perform the Services directly or contract with third parties to perform all or a portion of the Services on its behalf. The City Services may be provided on behalf of DWSD by the City's central administration as an operation and maintenance expense to the extent the central administration has historically provided such services to DWSD.

In the event a Performing Party has contracted with a third party to perform all or a portion of the Services on its behalf, the provisions of this Agreement shall control in the event of a conflict between the provisions of such contract and this Agreement. Additionally, a Subscribing Party shall have the right to consent to the selection of any new third party contractor who will be providing all or a portion of Services on behalf of a Performing Party, which consent shall not be unreasonably withheld.

A Performing Party shall dedicate such resources as are necessary to ensure its officers, employees and contractors promptly respond to reasonable requests of the Subscribing Party in connection with the provision of Services. In the event a Subscribing Party requests information or support pursuant to the Shared Services Agreement or a Service Delivery Schedule to which a representative of the Providing Party fails to respond in a timely manner, the Director and the Chief Executive Officer and the appropriate employees or agents of each Party responsible for responding to the request shall meet within three business days to provide the response or establish a date certain for responding, as appropriate.

**Modification or Extension of Service Delivery Schedules**

Prior to the development of the DWSD budget for each Fiscal Year pursuant to the Water and Sewer Services Agreement, the Chief Executive Officer and the Director shall meet to discuss and plan for any modifications to the Service Delivery Schedules for the next Fiscal Year and the anticipated need and Service Costs for any "as-needed" Services for the next Fiscal Year based on actual results in prior Fiscal Years. Any proposed modification shall identify or project any Stranded Costs and Transition Costs calculated by applying the Service Cost cost-components. Except as otherwise provided in a Service Delivery Schedule, the expectation is that the effective date and expiration of each Service Delivery Schedule shall be coterminous with the Fiscal Year of the Parties.

The Chief Executive Officer and the Director may approve Service Delivery Schedules to share additional Services if the Service Cost will not exceed $50,000 in a Fiscal Year, or otherwise with the approval of the GLWA Board and the Board of Water Commissioners. Any existing Service Delivery Schedule may be terminated other than by its terms, modified or extended by: (a) mutual agreement of the Chief Executive Officer and the Director if the Chief Executive Officer and the Director reasonably believe that the modified service arrangement will not result in an increase in the cost of acquiring such Service in excess of the greater of $50,000 or 10% of the annual Service Cost, including any applicable Separation Costs; or (b) otherwise by approval of the GLWA Board and the Board of Water Commissioners. At least quarterly, the Chief Executive Officer shall provide to the GLWA Board and the Director shall provide to the Board of Water Commissioners a report including any modifications, extensions and terminations of existing Service Delivery Schedules.

**Compliance with Procurement Policies and Procedures**

The procurement of Services pursuant to the Shared Services Agreement by a Subscribing Party is not subject to the procurement policies and procedures of the Parties. In the event a Subscribing Party requires a Service from a Performing Party hereunder on an "as needed" basis, it may request such Service pursuant to this Agreement and the applicable Service Delivery Schedule according to the procedures agreed to by the Chief Executive Officer and the Director notwithstanding any procurement policies or procedures of the Subscribing Party then in effect.

**Standard of Performance**

A Performing Party shall endeavor to perform, or cause to be performed, all Services required under the Shared Services Agreement in compliance with Prudent Utility Practices, but shall in no event perform the Services at a level of service below the Performance Standards. The Parties shall endeavor to establish reasonable safeguards and internal controls to ensure the fiscal integrity of the operations and fiscal management of each Party with respect to the Services, including conducting criminal and credit background checks of each employee with access to any cash, information technology systems, or other assets of either Party.

**Cooperation of Parties**

The Parties shall cooperate reasonably with each other in connection with any steps required to be taken as part of their respective obligations under the Shared Services Agreement, the Lease, the Water Lease, the Water and Sewer Services Agreement, permits or any Applicable Laws, including the development of the capital improvement plans of each Party, financial planning and debt management, and shall (i) furnish upon request to each other such information, data and records, including maps, which are reasonably accessible and would not cause a Performing Party to violate the terms of any agreement to which it is subject at the time of the request or which are required to be disclosed pursuant to any agreements or Applicable Laws; (ii) execute and deliver to each other such other documents; (iii) provide such witness testimony, documents, records and other services or information within the possession or control of each Party necessary or desirable for the proper prosecution and/or defense of any current or future litigation affecting either Party, and (iv) do such other acts and things, all as the other Party may reasonably request that is necessary or convenient to effectuate the purposes of this Agreement and the transactions contemplated hereby.

The Director, the City and the Chief Executive Officer or their designees shall initially meet weekly or at such other interval as they shall reasonably agree or as specified in a particular Service Delivery Schedule, to review data, information and processes relevant to the provision of Services and any other issues arising out of this Agreement. Such meetings shall include a review of Service delivery, potential

Invoice Disputes as known, anticipated Service Delivery Schedule requests, including modifications, extensions or potential amendments, and any other issues relevant to this Agreement.

In the event the performance of a Service is going to be assumed by a Subscribing Party, the Parties and their employees shall reasonably cooperate and provide information and training to each other in order to ensure the seamless transfer of knowledge with respect to that Service.

When necessary or desirable, the Parties shall jointly develop operational protocols with respect to specific Services.

The City shall maintain a record and be the repository of all easements and other real property interests acquired by the Authority during the term of the Lease and the Water Lease. The Authority shall provide all original documents memorializing such easements and other real property interests to the City. The City shall take all actions necessary to record or otherwise perfect its interest in all easements or other real property interests acquired by it or the Authority during the term of the Lease and the Water Lease. The City shall provide the Authority access to and copies of any easements and other real property interests necessary for the performance of its rights and duties under this Agreement, the Lease, the Water Lease and the Water and Sewer Services Agreement.

**Invoices; Payment Terms; Invoice Disputes**

Invoices. The City shall pay the Authority for all Authority Services (including "as-needed" Services) and the Authority shall pay the City for all City Services (including "as-needed" Services), each in equal monthly installments. Such installments received by the Authority shall be deposited into the Authority Regional Operation and Maintenance Account of the Operation and Maintenance Fund established in the master bond ordinances for each of the Systems, and such installments received by the City shall be deposited into the Detroit Local Operation and Maintenance Account of the Operation and Maintenance Fund established in the master bond ordinances for each of the Systems. Each Party shall provide the other Party one monthly invoice itemized by Service Delivery Schedule for Services provided other than for "as needed" Services, which shall be invoiced as described below under "As Needed and Other Hourly Services."

The Parties shall engage, and share the costs of, a third-party to analyze the actual Service Costs ("Cost Analysis") of providing the City Services and the Authority Services for each Fiscal Year. If, based on this Cost Analysis: (a) the costs paid by a Subscribing Party were greater than the costs of providing the Services, the Providing Party shall pay an amount equal to such cost variance to the Subscribing Party in the next Fiscal Year or as otherwise agreed to by the Parties; and (b) the costs paid by a Subscribing Party were less than the costs of providing the Services, the Subscribing Party shall pay an amount equal to such cost variance to the Providing Party in the next Fiscal Year or as otherwise agreed to by the Parties. Additionally, Service Costs will not include costs of funding the Pension Obligation (as defined in each of the Leases), but shall be addressed as part of the process of preparing budgets for the Regional Systems and Local Systems as set forth in the Water and Sewer Services Agreement.

Each invoice, whether for Services provided regularly or "as-needed," shall itemize the costs and charges by Services provided under each Service Delivery Schedule, and shall provide sufficient detail to the Subscribing Party to identify the Services performed and the basis for the charges. A Performing Party may only charge the Service Cost for Services provided. Neither Party may set-off any amount it owes to the other Party on account of any amounts it may be owed by such Party. Contract, material and other applicable Service Costs shall be billed at the contractual rates or third-party charges therefor.

Payment Terms. Payments for Services shall be payable monthly. Unless otherwise specified in a Service Delivery Schedule, payment of each invoice shall be due no later than thirty (30) days after the date of delivery of the Invoice, provided however, that in the event the City has not received its current monthly disbursement of operations and maintenance operating funds from the Authority pursuant to the Water and Sewer Services Agreement, its payment due date shall be five (5) business days after receipt of such funds (the "Payment Terms").

Invoice Disputes. In the event a Subscribing Party disputes all or a portion of the amount billed under any invoice, it shall notify the Performing Party of such dispute (an "Invoice Dispute") in writing within twenty (20) days of the date of receipt of the disputed invoice. Invoice Disputes shall be resolved as described under "Dispute Resolution" below.

The Subscribing Party shall pay the undisputed amount of any invoice pursuant to the Payment Terms. If the Invoice Dispute is not resolved by the date the payment on the disputed invoice is due, the Subscribing Party shall deposit the disputed amount into an escrow account to be held for the benefit of the Performing Party until the dispute is resolved.

Reconciliation. The Performing Party shall reasonably calculate the Service Cost required to provide each Service during the next Fiscal Year, and shall notify the Subscribing Party of that Service Cost in sufficient time for the Subscribing Party to ensure the organization's Fiscal Year budget is sufficient to pay such Service Costs. By December 1 of each year, a Performing Party shall provide to the other Party the Service Costs for each Service it expects to provide in the next Fiscal Year.

In the event a Performing Party incurs extraordinary and unanticipated Service Costs, the Chief Executive Officer and the Director shall meet within ten (10) business days to discuss any reconciliation or adjustments to the amounts paid by the Subscribing Party to ensure the payment of the Service Costs.

"As-needed" and Other Hourly Services. For Services provided on an "as-needed" basis, the Performing Party shall exercise its best efforts to provide invoices within thirty (30) days after the end of each month for such Services performed during the immediately preceding month, with such invoices clearly marked as final if all "as needed" Services have been completed or marked as open if the "as needed" Services are still being performed. "As-needed" Services shall be billed on an hourly unit price basis, which shall be recorded and billed in quarter hour increments, comprising the Service Cost for such Services.

"As-needed" Services and other Services billed on hourly basis shall be recorded and billed in quarter hour increments, comprising the following Service Cost elements: salaries and fringe benefits; provided that, such hourly unit price shall be based on the annualized productive hours for the class of employee being billed. This amount shall be subject to the annual Cost Analysis reconciliation described under "Invoices" above.

**Defaults**

A Performing Party shall be in default under the Shared Services Agreement if it fails to perform any of the Services required of it thereunder in accordance with the Performance Standards after it has received thirty (30) days' notice of such default, provided that if such failure cannot be remedied within such thirty (30) day cure period, the Performing Party shall not be in default if it commences to remedy the default within the 30 day cure period and diligently pursues the remedy to its completion pursuant to a mutually agreeable action plan and schedule agreed to by the Director and the Chief Executive Officer or their assignees.

A Subscribing Party shall be in default under the Shared Services Agreement if it does not make the payments required, whether in whole or in part, pursuant to the Payment Terms and after resolution of any invoice dispute as described above.

Either Party shall be in default under the Shared Services Agreement if it fails to fully perform and comply with any of the other terms, conditions or provisions of the Shared Services Agreement not covered by the two immediately preceding paragraphs after it has received thirty (30) days' notice of such default, provided that if such failure cannot be remedied within such thirty (30) day cure period, the defaulting Party shall not be in default if it commits to remedy within the thirty (30) day cure period and diligently pursues the remedy to its completion pursuant to a mutually agreeable action plan and schedule agreed to by the Director and the Chief Executive Officer or their assignees.

**Remedies**

Upon default by a Performing Party, the Subscribing Party may (i) perform or cause a third party to perform such obligation of the Performing Party upon written notice to the Performing Party, and the Performing Party shall reimburse the non-defaulting Party for all reasonable increased costs incurred in such performance; and (ii) resolve the dispute as described under "Disputes, Resolution" below.

Upon default by a Subscribing Party, the Performing Party may, at its sole option: (i) provide written notice to the Subscribing Party of such default; and (ii) pursue all rights and remedies available to the Performing Party under the Shared Services Agreement.

Upon default of a Party as described in the third paragraph under "Defaults" above, the non-defaulting Party may, at its sole option, pursue any rights and remedies available to such Party under the Shared Services Agreement, including specific performance.

**Waiver**

The failure of any Party to insist in any one instance upon strict performance by the other Party of its obligations under the Shared Services Agreement shall not constitute a waiver or relinquishment of any such obligations as to any other instances, and the same shall continue in full force and effect. No covenant or condition of the Shared Services Agreement may be waived by either Party except by written consent of that Party, and forbearance or indulgence of that Party in any regard whatsoever and no matter how long shall not constitute a waiver of the covenant or condition until performed or waived in writing, and that Party shall be entitled to invoke any remedy available to that Party under the Shared Services Agreement or by applicable law, despite the forbearance or indulgence.

**Disputes; Resolution**

The Authority and the City shall each designate in writing to the other from time to time a representative who shall be authorized to resolve any dispute relating to the subject matter of the Shared Services Agreement in an equitable manner and, unless otherwise expressly provided herein, to exercise the authority of such party to make decisions by mutual agreement.

The City and the Authority each agree (i) to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner and (ii) to provide each other with reasonable access during normal business hours to any and all non-privileged written records, information and data pertaining to any such dispute.

If any dispute relating to the subject matter of the Shared Services Agreement is not resolved between the City and the Authority as described under this "Disputes; Resolution" within 30 days from the date on which a party provides written notice to the other party of such dispute and of the notifying party's position on the disputed matter, then upon written notification by either party to the other party, such dispute shall be settled exclusively and finally by arbitration in accordance with the procedures described under "Arbitration" below.

**Arbitration**

It is specifically understood and agreed that any dispute or claim arising under or relating to the Shared Services Agreement that cannot be resolved between the City and the Authority, including any matter relating to the interpretation or performance of the Shared Services Agreement, shall be submitted to arbitration irrespective of either the magnitude thereof or the amount in dispute.

Each arbitration between the City and the Authority shall be conducted pursuant to the Uniform Arbitration Act, Act No. 371, Public Acts of Michigan, 2012 ("Act 371").

The arbitration shall be conducted before a panel composed of three arbitrators (the "Arbitration Panel"). Each party shall appoint an arbitrator, obtain its appointee's acceptance of such appointment and deliver written notification of such appointment and acceptance to the other party within 15 days after delivery of a notice of arbitration. The two arbitrators appointed by the City and the Authority shall jointly appoint the third (who shall be the chairperson), obtain the acceptance of such appointment and deliver written notification of such appointment within 15 days after their appointment and acceptance.

Any arbitration commenced hereunder shall be completed within 120 days after the appointment of the Arbitration Panel absent agreement of the City and the Authority to the contrary. The City and the Authority waive any claim to any damages in the nature of punitive, exemplary or statutory damages in excess of compensatory damages or otherwise expressly provided for herein, and the Arbitration Panel is specifically divested of any power to award such damages. The Arbitration Panel shall have the power to award injunctive or other equitable relief. All decisions of the Arbitration Panel shall be pursuant to a majority vote. Any interim or final award shall be rendered by written decision.

If either the City or the Authority fails to appoint its arbitrator within 15 days after delivery of a notice of arbitration, or if the two arbitrators appointed cannot agree upon the third arbitrator within 15 days after appointment of the second arbitrator, then the required arbitrator(s) shall be appointed by the American Arbitration Association or as otherwise agreed by the City and the Authority.

No arbitrator shall be a past or present employee or agent of, or consultant or counsel to, either the City or the Authority or any affiliate of either the City or the Authority.

The Authority and the City shall each bear one-half of the out-of-pocket third party costs and expenses of an arbitration, including the arbitrators' fees.

**Appeals of Arbitration Awards and Decisions**

The City or the Authority may appeal an award or decision issued by the Arbitration Panel for the reasons set forth in Section 23 of Act 371 (MCL 691.1703).

**Enforcement of Arbitration Awards and Decisions**

The City or the Authority may enforce any awards or decisions of the Arbitration Panel issued as described under this "Arbitration" pursuant to Section 22 of Act 371 (MCL 691.1702). The provisions described under "Disputes; Resolution" and "Arbitration" above shall be the sole and exclusive remedy of the Parties with respect to any claim or dispute. The City and the Authority agree not to bring, or cause to be brought, in a court of law any action, proceeding or cause of action whatsoever with respect to any such claim or dispute, other than as necessary to enforce the award or decision of the Arbitration Panel as provided above.

**Term**

The term of the Shared Services Agreement shall run concurrently with the terms of the Leases.

**Amendments**

The Shared Services Agreement can be amended only by written agreement executed and approved by both Parties, as applicable; provided, that Service Delivery Schedules may be executed, modified, or terminated as described under "Modification or Extension of Service Delivery Schedules" above.

**Confidential Information**

Each Party acknowledges that it may receive or have access to "Confidential Information," as that term is defined below (a "Possessing Party"), of the other Party (a "Protected Party"). A Possessing Party shall protect the Protected Party's Confidential Information with the same degree of care as the Possessing Party uses to avoid unauthorized use, disclosure, publication or dissemination of its own Confidential Information of a similar nature, but in no event, less than a reasonable degree of care. A Possessing Party shall not manipulate, modify, corrupt or otherwise change any of the Confidential Information of the Protected Party. A Possessing Party shall not disclose or otherwise make available the Protected Party's Confidential Information to any third party without the prior written consent of Protected Party; provided, however, that the Possessing Party may disclose the Confidential Information to its officers and employees who need access to the Confidential Information to perform their obligations to the Protected Party and who are themselves bound by nondisclosure obligations at least as restrictive as those set forth under this "Confidential Information." Further, the Possessing Party shall comply with all confidentiality-related guidelines, standards and law applicable to the Protected Party. The Possessing Party agrees to immediately notify the Protected Party in the event the Possessing Party becomes aware of any loss or unauthorized disclosure of the Protected Party's Confidential Information. A Possessing Party shall not utilize any Confidential Information of a Protected Party for its own benefit.

"Confidential Information" means any information related to the business, personnel and operations of the Protected Party obtained by the Possessing Party, and may include but is not limited to information or data related to business affairs, customer billing and usage information, data, manuals, financial and accounting data, data and information concerning contracts, intellectual property, proprietary information and other operational information. Confidential Information shall not include: (A) any information that the Possessing Party can document: (i) was generally available to the public at the time it was received by the Possessing Party, (ii) was known to the Possessing Party, without restriction, at the time of disclosure, or (iii) was independently developed by the Possessing Party without any use of any Confidential Information; and (B) any public records subject to disclosure pursuant to Act 442, Public Acts of Michigan, 1976, as amended.

Upon expiration or termination of the applicable Service Delivery Schedule, the Possessing Party shall promptly return to the Protected Party all Confidential Information of the Protected Party and all copies, or at the Protected Party's option, the Possessing Party shall destroy the Confidential Information.

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**APPENDIX XI**
**SUMMARY OF 2018 MOU**

This summary does not purport to be comprehensive or definitive and is subject to all of the terms of the 2018 MOU, to which reference is hereby made and copies of which are available on GLWA's website at www.glwater.org or from the Underwriters prior to the execution and delivery of the Series 2026 Bonds and thereafter may be examined or obtained at the expense of the person requesting the same at the corporate trust office of the Trustee.

**General**

On June 27, 2018, DWSD and GLWA entered into the 2018 MOU to provide for clarification of specific sections of the Leases, the Water and Sewer Services Agreement, Master Bond Ordinance No. 2015-01 adopted by the GLWA Board with respect to the Water System on October 7, 2015, as amended (the "Water Bond Ordinance"), and the Bond Ordinance (the Bond Ordinance together with the Water Bond Ordinance, the "Bond Ordinances"), to make adjustments contemplated by the Leases, the Water and Sewer Services Agreement and the Bond Ordinances, and to address the liquidation of certain liabilities set forth in the Leases. Complete copies of the Leases, the Water and Sewer Services Agreement and the Bond Ordinances are available on GLWA's website at www.glwater.org.

**Adjustments to Cash Held for the Benefit of DWSD**

The 2018 MOU provides that the following book entry credits and charges are effective July 1, 2017, reflecting a net amount of $74,201,200 to the Cash Held for the Benefit of DWSD as established on GLWA's General Ledger Account:

1. A credit of $78,434,300 for the assumption by DWSD of the Pre-Effective Date Liabilities, as outlined below, reduced by $9,000,000 for the reimbursement of certain litigation liabilities previously paid by GLWA, for a net deposit of $69,434,300.

2. A reduction of the Budget Stabilization Requirement to $7,500,000, and to reflect this adjustment, GLWA shall apply $3,433,000 as a credit to DWSD.

3. A credit of $1,333,900, reflecting the portion of the final annual $20,000,000 sewer lookback adjustment charged during Fiscal Year 2016, which was attributable to a deposit to DWSD's Sewer System Improvement and Extension ("I&E") Account of the Sewer System I&E Fund. The final sewer bad debt lookback adjustment, as calculated as of June 30, 2017, shall reduce DWSD's Fiscal Year 2019 revenue requirement by $6,527,200. This adjustment is different than the prior sewer lookback adjustment agreement that is reflected in the first sentence of this paragraph 3. The parties agree that the Budget Stabilization Fund sufficiently accomplishes the intent of mitigating collection risk, obviating the need for any further sewer bad debt lookback.

**Adjustments to Non-cash Related Book Entries**

Lease Pre-payment. The 2018 MOU provides that the initial term of the Leases began on the Effective Date and ends on December 31, 2055. GLWA's last monthly payment shall be June 1, 2055 and GLWA's $25,000,000 Lease payment on January 1, 2016 shall be applied to the period of July 1, 2055 through December 31, 2055.

Obligation Payable by DWSD to GLWA for Direct Allocable Share of pre-Effective Date Bonded Indebtedness for the Local Systems. DWSD's agreed upon allocable share of pre-Effective Date bonded indebtedness at June 30, 2017 related to the Local Systems is $437,280,200 for the Local Water System and $358,090,600 for the Local Sewer System. This allocation was determined based on an agreed upon share of debt service in Fiscal Year 2016 of $455,000,000 for the Local Water System and $370,000,000 for the Local Sewer System and the amounts included in the revenue requirements allocated to the Retail Customers related to the debt service for Fiscal Year 2016 and Fiscal Year 2017. The amortization schedule of DWSD's obligations payable related to pre-Effective Date bonded indebtedness for the Local Systems is set forth in Schedule 3 to the 2018 MOU. This amortization schedule establishes fixed payment terms for these obligations, with an agreed upon interest rate of 4.76% for the Local Water System and 4.33% for the Local Sewer System. This amortization schedule shall not be altered to reflect any refunding of pre-Effective Date bonded indebtedness after calendar year 2017. Debt service on bonds issued Post-Effective Date, other than bonds issued after calendar year 2017 to refund pre-Effective Date bonded indebtedness, shall be allocated based on the use of the proceeds. Consistent with implementation of the amortization schedule, GLWA shall reduce the DWSD Fiscal Year 2018 Revenue Requirement by $2,177,500.

**DWSD Retail Customers**

The 2018 MOU provides the following adjustments with respect to pre-Effective Date receivables and Landlord/Tenant Deposits and Affordability Accounts:

1. Pre-Effective Date Receivables. As of July 1, 2017, GLWA shall transfer to DWSD all of GLWA's interests in remaining pre-Effective Date retail accounts receivable and DWSD assumes all liability associated with repayment of delinquent tax advances. Net balances of $8,816,149 shall be written off from GLWA's books as of July 1, 2017. In addition, GLWA shall transfer the aggregate amount of $16,293,664 related to the cumulative Wayne County Revolving Fund Loan balance as of June 30, 2017, collected after July 1, 2017, to (i) DWSD's Sewer System Operation and Maintenance ("O&M") Account in the Sewer System O&M Fund in the amount of $15,044,972 and the related obligations and (ii) DWSD's Water System O&M Account in the Water System O&M Fund in the amount of $1,248,692 and the related obligations. Other collection activity related to these retail accounts receivable, since July 1, 2017, shall be deposited to the Receiving Fund held under the related Bond Ordinance, distributed in accordance with terms of the related Bond Ordinance and credited to the Cash Held for the Benefit of DWSD Account.

2. Landlord/Tenant Deposits and Affordability Accounts**.** GLWA shall transfer to DWSD all of GLWA's interests, if any, in the balances in the Landlord/Tenant Deposits and Affordability Accounts (i.e. non-Revenues representing, respectively, deposits required by DWSD for tenants in leased facilities and voluntary charitable contributions by Retail Customers to be used to assist certain other Retail Customers with paying bills for Water Services and Sewer Services) held in the Bond Ordinances in a fiduciary capacity and the related obligations.

**Cash Transfers to DWSD**

The 2018 MOU provides for the following cash transfers to DWSD Accounts:

1. DWSD Sewer System I&E Account. Proceeds of DWSD Bonds held in the Construction Fund for such DWSD Bonds and available on the Effective Date are allocated consistent with the DWSD agreed upon allocable share of bond debt service related to the Local Systems. In recognition, GLWA shall transfer $15,174,200 from GLWA's Sewer System I&E Account to DWSD's Sewer System I&E Account.

2. DWSD O&M Account. GLWA shall transfer $18,622,473 to DWSD, in full satisfaction of GLWA's remaining short and long-term worker's compensation, unemployment, compensated absences

employment and other liabilities included in Schedule 4 to the 2018 MOU. Upon execution of the 2018 MOU, DWSD will notify the City Office of the Chief Financial Officer that DWSD has become solely responsible for these liabilities. Net balances of $18,622,473 shall be written off from GLWA's books as of July 1, 2017. DWSD shall record a like amount as of July 1, 2017.

**Extraordinary Repair & Replacement ("ER&R") Reserve Fund Contributions and Clarifications**

The 2018 MOU provides that except for the required restoration of DWSD withdrawals, GLWA shall fund future deposits to the ER&R Reserve Fund from Regional System Revenues as needed to satisfy the ER&R Maximum Requirement, as defined in the related Bond Ordinance and based on the sum of the Regional Systems' and Local Systems' Fiscal Year O&M Budgets. This provision does not require any cash or non-cash adjustments between the parties.

The ER&R Reserve Fund shall be available to both GLWA and DWSD as provided in the Bond Ordinances. To the extent there may be an investment loss if funds are drawn by DWSD, DWSD's Chief Financial Officer shall be advised before any loss is incurred. The entity that uses the funds shall fund investment losses incurred, if any.

DWSD draws not repaid as contemplated by the Bond Ordinances shall be repaid in full, in installments, over a period up to the next three fiscal years, plus a surcharge calculated as provided below, as part of the revenue requirement allocated to and payable by DWSD. The surcharge on the portion of the draw which remains unpaid at June 30 of the Fiscal Year in which the draw was made shall be based on the three-year U.S. Treasury Note Rate, as published in the Wall Street Journal, plus 150 basis points.

Until DWSD's ER&R Reserve Fund withdrawal is repaid, and unless DWSD has other resources available for that purpose or otherwise agreed to by GLWA, DWSD shall apply any available funds in the related DWSD I&E Account for that purpose. GLWA Board approval shall be required for repayment terms in excess of three (3) years. The quarterly Reconciliation Committee meetings shall include a review of the progress in DWSD repaying any ER&R Reserve Fund withdrawal.

**Reconciliation Committee**

The 2018 MOU provides that the Reconciliation Committee (defined by the Water and Sewer Services Agreement as a DWSD Board Member and GLWA Board Member or their designees) along with GLWA's Chief Executive Officer, DWSD's Director, and their respective Chief Financial Officers and General Counsels shall meet at a minimum quarterly (January, April, July, and October). GLWA's designated Board Member liaison shall not be a Mayoral appointee and shall not be selected by the Mayoral appointees to the GLWA Board. The purpose of the quarterly meetings is to expand the level of communication between the two entities related to financial, operational, legal, capital planning, and other matters and opportunities for improved management and coordination of both entities and foster a positive partnership in the water services sector. The results of those meetings shall be reported back to the respective Boards by the Board liaison.

**Financial Reporting on the Local Systems**

The 2018 MOU provides that beginning June 1, 2018, DWSD shall transmit to GLWA:

Quarterly Budget to Actual Report for Revenues and Expenses for O&M, I&E, and Construction Bond activities.

Quarterly cash flow forecast for the subsequent two-year time period for O&M, I&E, and Construction Bond activities.

Quarterly reconciliation of the Cash Held by GLWA, as recorded by DWSD, with the Cash Held for the Benefit of DWSD, as provided by GLWA.

Monthly cash receipts presented on a year-over-year basis with variance analysis.

Monthly accounts receivable roll-forward by system, which provides beginning balance, revenues, expenses, write-offs, other adjustments, and reconciling items.

Daily cash receipt reconciliation.

Any other reports as requested by the Reconciliation Committee.

**Standard Operating Procedures**

The 2018 MOU provides that DWSD and GLWA shall jointly develop standard operating procedures ("SOPs") for working through and documenting operational interactions. To the extent that SOPs cannot be agreed upon by the DWSD and GLWA team members after review with the GLWA Chief Executive Officer and the DWSD Director, the issue may be brought forward to the Reconciliation Committee.

**Budget Shortfalls**

The 2018 MOU provides that if DWSD experiences a cumulative negative variance of more than two percent (2%) of the total budget for either Local System (a "Budget Shortfall") from its budget adopted pursuant to the Water and Sewer Services Agreement based on DWSD's quarterly reports to GLWA, DWSD, as the agent of GLWA, shall, within thirty (30) days thereafter, schedule a meeting of the Reconciliation Committee to discuss the magnitude and reasons for the shortfall and possible approaches to address the shortfall. Within sixty (60) days after the Reconciliation Committee meets, DWSD, as agent, shall develop a plan to cure the Budget Shortfall and the time period within which the shortfall will be cured, taking into account the reasons for and magnitude of the shortfall. If Revenues, including, but not limited to, adjustments to Local O&M expenditures and the use of subsequent positive receipts, are not available to cure the Budget Shortfall within the same Fiscal Year, DWSD shall reallocate available funds in the related DWSD I&E Account or reallocate any unencumbered Lease Payment to eligible debt service to satisfy the Budget Shortfall.

Budget Shortfalls not cured by the end of the Fiscal Year following the year in which they arise shall be repaid in full, in installments, over a period not to exceed the next three fiscal years, plus a surcharge calculated as provided below, as part of the Revenue Requirement payable by DWSD. The surcharge factor on the portion of the Budget Shortfall which remains unpaid at June 30 of the Fiscal Year following the fiscal year in which the Budget Shortfall arises shall be based on the three-year U.S. Treasury Note Rate, as published in the Wall Street Journal, plus 150 basis points.

Until the Budget Shortfall is repaid, and unless DWSD has other resources available for that purpose or otherwise agreed to by GLWA, DWSD shall apply any available funds in the related DWSD I&E Account for that purpose. GLWA Board approval shall be required for repayment terms in excess of three (3) years. The quarterly Reconciliation Committee meetings shall include a review of the progress in eliminating the Budget Shortfall.

**Write-offs Related to 2018 MOU Implementation**

The 2018 MOU provides that any write-offs recognized in GLWA's Financial Statements related to implementing the 2018 MOU shall not directly affect current or future revenue requirements for customer specific cost pools.

**Water and Sewer Charges to GLWA**

The 2018 MOU includes a provision that GLWA desires a meeting to begin the discussion on the clarification of water supply and sewage disposal services provided by DWSD to the Regional System within thirty (30) days after the execution of the 2018 MOU. The 2018 MOU provides that if this issue is not resolved within ninety (90) days after the meeting, the matter will be brought to the Reconciliation Committee for potential resolution prior to invoking Article 7 - Dispute Resolution of the Water and Sewer Services Agreement.

**Pre-Effective Date Liabilities**

The 2018 MOU provides and clarifies that DWSD assumes liability for third party litigation, arbitrations and claims arising out of events and/or actions occurring on or before January 1, 2016 and involving the following types of matters (collectively, the "Pre-Effective Date Liabilities"):

a. Local System ratemaking, collections and enforcement.
b. Sewer back-ups in the City of Detroit, unless there is admissible evidence of the failure of Leased Sewer Facility or Facilities.
c. Personal injury matters (more fully described in the 2018 MOU).
d. Contract matters related to the Local Systems (more fully described in the 2018 MOU).
e. Environmental matters related to the Local Systems.
f. City of Detroit Bankruptcy matters, excluding BC Notes and pension liabilities as described in Section 4.3 of the Leases.
g. Freedom of Information Act and Open Meetings Act matters related to the Local System for which DWSD maintains the records.
h. In addition to the matters addressed in "Cash Transfers to DWSD – DWSD O&M Account" described above, employment matters for DWSD employees that were not actually offered employment by GLWA, including labor/union and discrimination and harassment.
i. Any other Pre-Effective Date Liabilities relating to the Local Systems only.

For all Pre-Effective Date Liabilities, DWSD agrees to lead in the defense of the Pre-Effective Date Liabilities and assume all financial or legal exposure for the Pre-Effective Date Liabilities, including any and all unpaid amounts to fund ratemaking litigation settlements. GLWA agrees that the arbitration demands approved by GLWA's Board related to Pre-Effective Date Liabilities involving third parties shall be withdrawn. GLWA agrees to cooperate in DWSD's defense of any Pre-Effective Date Liabilities.

The 2018 MOU provides that GLWA shall have no further liability as to the liabilities transferred to and assumed by DWSD under the 2018 MOU, specifically those assigned as described under "Adjustments to Cash Held for the Benefit of DWSD – Consideration for Assumption of Pre-Effective Date Liabilities," second paragraph of "DWSD Retail Customers," "Cash Transfers to DWSD – DWSD O&M Account," and first two paragraphs of "Pre-Effective Date Liabilities."

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## APPENDIX XII
## FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Great Lakes Water Authority (the "Issuer") and in connection therewith have examined the law and certified copies of the proceedings and other documents relating to the issuance by the Issuer of its Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2026A, Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2026B and Sewage Disposal System Revenue Senior Lien Bonds, Series 2026C (collectively, the "Series 2026 Bonds").

The Series 2026 Bonds have been authorized and are being issued pursuant to the provisions of (i) 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 of Directors of the Issuer on October 7, 2015, as amended (the "Bond Ordinance"), (iii) the Series Ordinance No. 2026-03 adopted by the Board of Directors of the Issuer on April 22, 2026, as amended (the "2026 Series Ordinance"), and (iv) a Sale Order of the Chief Executive Officer of the Issuer dated May 19, 2026 (the "2026 Sale Order," and, together with the Bond Ordinance and the 2026 Series Ordinance, the "Ordinance").

**Section 1. Purpose of the Undertaking.** This Undertaking is being executed and delivered by the Issuer for the benefit of the Bondholders. The Issuer acknowledges that the State of Michigan (the "State") has undertaken no responsibility with respect to any notices or disclosures provided or required under this Undertaking and has no liability to any person, including any Bondholders, with respect to any such notices or disclosures. The Issuer acknowledges that this Undertaking does not address the scope of any application of Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act to the notices of the Listed Events provided or required to be provided by the Issuer pursuant to this Undertaking.

**Section 2. Definitions.** The following capitalized terms shall have the following meanings:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Annual Report" shall mean any Annual Report of the Issuer provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Undertaking.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2026 Bonds (including any person holding Series 2026 Bonds through nominees, depositories or other intermediaries).

"Bondholder" shall mean the registered owner of any Series 2026 Bond and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Series 2026 Bonds (including persons holding Series 2026 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any of the Series 2026 Bonds for federal income tax purposes.

"Disclosure Dissemination Agent" shall mean the Issuer or any successor Disclosure Dissemination Agent appointed in writing by the Issuer and which has filed with the Issuer a written acceptance of such appointment. In order to provide continuing disclosure with respect to the Series 2026 Bonds in accordance with the Rule in connection with the issuance of the Series 2026 Bonds, the Issuer will enter into a Disclosure Dissemination Agent Agreement ("Disclosure Dissemination Agreement") for the benefit of the Bondholders with Digital Assurance Certification, L.L.C. ("DAC"), under which the Issuer has designated DAC as Disclosure Dissemination Agent.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Undertaking, the EMMA Internet Web site address is http://www.emma.msrb.org.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Undertaking.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Undertaking, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1300 "I" Street, N.W. Suite 1000
Washington, DC 20005
Tel: (202) 838-1500
Fax: (202) 898-1500

"Official Statement" shall mean the final Official Statement for the Series 2026 Bonds dated May 19, 2026.

"Participating Underwriter" shall mean any of the original underwriters of the Series 2026 Bonds required to comply with the Rule in connection with the primary offering of the Series 2026 Bonds.

"Rule" shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidance or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

**Section 3. Provision of Annual Reports.**

(a) Each year, the Issuer shall provide, or shall cause the Disclosure Dissemination Agent to provide, not later than 270 days after the last day of the Issuer's fiscal year, commencing with the Issuer's Annual Report for its fiscal year ended June 30, 2026, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Undertaking. Not later than 15 business days (or such lesser number of days as is acceptable to the Disclosure Dissemination Agent) prior to said date, the Issuer shall provide the Annual Report to the Disclosure Dissemination Agent (if other than the Issuer). Currently, the Issuer's fiscal year commences on July 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Undertaking; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Issuer shall be included in the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report of the Issuer by the date required in subsection (a), the Issuer shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the Issuer's fiscal year changes, the Issuer shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Disclosure Dissemination Agent is other than the Issuer, the Disclosure Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Undertaking, stating the date it was provided.

(f) In connection with providing the Annual Report, the Disclosure Dissemination Agent (if other than the Issuer) is not obligated or responsible under this Undertaking to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

**Section 4. Content of Annual Reports.** The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and data contained in the tables (excluding any projections included therein) appearing in Appendix I to the Official Statement.

The Issuer's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Issuer shall clearly identify each such other document so included by reference.

**Section 5. Reporting of Significant Events.**

(a) The Issuer covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Series 2026 Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2026 Bonds, or other material events affecting the tax status of the Series 2026 Bonds;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Series 2026 Bonds, if material;

(11) Rating changes;

(12) Tender offers;

(13) Bankruptcy, insolvency, receivership or similar event of the Issuer;

(14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(15) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(16) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the obligated person, any of which affect Holders of the Series 2026 Bonds, if material; and

(17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15), (16) or (17), the Issuer shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Issuer covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Issuer determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15), (16) or (17) would be material under applicable federal securities laws, the Issuer shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Issuer shall include in the notice explicit disclosure as to whether the Series 2026 Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Disclosure Dissemination Agent (if other than the Issuer), solely in its capacity as such, is not obligated or responsible under this Undertaking to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Issuer acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Series 2026 Bonds or other indebtedness for which the Issuer is liable.

(f) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Series 2026 Bonds, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

**Section 6. Mandatory Electronic Filing with EMMA.**

All filings with the MSRB under this Undertaking shall be made by electronically transmitting such filings through the EMMA Dataport at http://www.emma.msrb.org as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

**Section 7. Termination of Reporting Obligation.**

(a) The Issuer's obligations under this Undertaking shall terminate if and when the Issuer's obligation to pay the principal of and interest on Series 2026 Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder.

(b) This Undertaking, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Undertaking, do not or no longer apply to the Series 2026 Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Series 2026 Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

**Section 8. Disclosure Dissemination Agent.** The Issuer, from time to time, may appoint or engage a Disclosure Dissemination Agent to assist it in carrying out its obligations under this Undertaking and may discharge any such Disclosure Dissemination Agent, with or without appointing a successor Disclosure Dissemination Agent. Except as otherwise provided in this Undertaking, the Disclosure Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Undertaking.

**Section 9. Amendment; Waiver.**

(a) Notwithstanding any other provision of this Undertaking, this Undertaking may be amended, and any provision of this Undertaking may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or type of business conducted by the Issuer;

(ii) this Undertaking, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2026 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Undertaking, the Issuer shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Undertaking, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Undertaking, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Issuer or the Disclosure Dissemination Agent (if other than the Issuer) at the written direction of the Issuer with the MSRB.

**Section 10. Additional Information.** Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Failure to Comply.** In the event of a failure of the Issuer or the Disclosure Dissemination Agent (if other than the Issuer) to comply with any provision of this Undertaking, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Disclosure Dissemination Agent (if other than the Issuer) under this Undertaking, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Undertaking shall not constitute a default with respect to the Series 2026 Bonds. Notwithstanding the foregoing, if the alleged failure of the Issuer to comply with this Undertaking is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Series 2026 Bonds must take the actions described above before the Issuer shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Undertaking.

**Section 12. Duties of Disclosure Dissemination Agent.** The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking.

**Section 13. Beneficiaries.** This Undertaking shall inure solely to the benefit of the Issuer, the Disclosure Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

**Section 14. Transmission of Information and Notices.** Unless otherwise required by law or this Undertaking, and, in the sole determination of the Issuer or the Disclosure Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Disclosure Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

**Section 15. Additional Disclosure Obligations.** The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Undertaking, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

**Section 16. Governing Law.** This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

GREAT LAKES WATER AUTHORITY

Dated: ______________

By:__________________________________________
Chief Executive Officer

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

| | |
|---|---|
| Issuer: | Great Lakes Water Authority (the "Issuer") |
| Name of Bond Issue: | Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2026A, Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2026B, and Sewage Disposal System Revenue Senior Lien Bonds, Series 2026C |
| Date of Bonds: | June 1, 2026 |

**NOTICE IS HEREBY GIVEN** that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Undertaking with respect to such Bonds. The Issuer anticipates that the Annual Report will be filed by __________________.

**GREAT LAKES WATER AUTHORITY**

By: ________________________________________

Its ________________________________________

Dated: ______________

**EXHIBIT B**

**NOTICE OF CHANGE IN ISSUER'S FISCAL YEAR**

| | |
|---|---|
| Issuer: | Great Lakes Water Authority |
| Name of Bond Issue: | Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2026A, Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2026B, and Sewage Disposal System Revenue Senior Lien Bonds, Series 2026C |
| Date of Bonds: | June 1, 2026 |

**NOTICE IS HEREBY GIVEN** that the Issuer's fiscal year has changed. Previously, the Issuer's fiscal year ended on ___________________. It now ends on ______________________.

**GREAT LAKES WATER AUTHORITY**

By: ____________________________________________

Its ____________________________________________

Dated: _______________

**EXHIBIT C**

**ANNUAL REPORT COVER SHEET**

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at http://www.emma.msrb.org pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer: Great Lakes Water Authority ______________________________

Issuer's Six-Digit CUSIP Number(s): ______________________________

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: ______________

Number of pages of the attached Annual Report or portion thereof: ______________

Name of Bond Issue: ______________________________

Date of Bonds: ______________________________

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: ______________________________

Name: ______________________________

Title: ______________________________
Employer: ______________________________
Address: ______________________________
City, State, Zip Code: ______________________________
Voice Telephone Number: ______________________________

## EXHIBIT D

## EVENT NOTICE COVER SHEET

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at http://www.emma.msrb.org pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer: Great Lakes Water Authority

Issuer's and/or Other Obligated Person's Six-Digit CUSIP Number(s): ____________________

or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: ____________________

Number of pages of the attached Event Notice: ____________________

Description of the attached Event Notice (Check One):

| | | |
|---|---|---|
| 1. | _________ | Principal and interest payment delinquencies |
| 2. | _________ | Non-Payment related defaults |
| 3. | _________ | Unscheduled draws on debt service reserves reflecting financial difficulties |
| 4. | _________ | Unscheduled draws on credit enhancements reflecting financial difficulties |
| 5. | _________ | Substitution of credit or liquidity providers, or their failure to perform |
| 6. | _________ | Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security |
| 7. | _________ | Modifications to rights of securities holders |
| 8. | _________ | Bond calls |
| 9. | _________ | Defeasances |
| 10. | _________ | Release, substitution, or sale of property securing repayment of the securities |
| 11. | _________ | Rating changes |
| 12. | _________ | Tender offers |
| 13. | _________ | Bankruptcy, insolvency, receivership or similar event of an obligated person |
| 14. | _________ | The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms |
| 15. | _________ | Appointment of a successor or additional trustee, or the change of name of a trustee |
| 16. | _________ | Failure to provide annual financial information as required |
| 17. | _________ | Other material event notice (specify) ____________________ |

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: ____________________

Name: ____________________ Title: ____________________

Employer: ____________________

Address: ____________________

City, State, Zip Code: ____________________

Voice Telephone Number: ____________________

**Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 838-1500 with questions regarding this form or the dissemination of this notice.**

**APPENDIX XIII**
**FORM OF APPROVING OPINION OF BOND COUNSEL**

Great Lakes Water Authority
Counties of Macomb, Oakland and Wayne, Michigan

We have acted as bond counsel to the Great Lakes Water Authority, Counties of Macomb, Oakland and Wayne, Michigan (the "Issuer") and in connection therewith have examined the law and certified copies of the proceedings and other documents relating to the issuance by the Issuer of (i) its $30,155,000 Sewage Disposal System Revenue Refunding Senior Lien Bonds, Series 2026A (the "Series 2026A Bonds"), (ii) its $179,565,000 Sewage Disposal System Revenue Refunding Second Lien Bonds, Series 2026B (the "Series 2026B Bonds") and (iii) its $30,020,000 Sewage Disposal System Revenue Senior Lien Bonds, Series 2026C (the "Series 2026C Bonds", and collectively with the Series 2026A Bonds and the Series 2026B Bonds, the "Bonds"). The Bonds are dated June 1, 2026, are payable as to principal and interest as provided in the Bonds and are subject to redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

The Bonds are issued pursuant to (i) Act 233, Public Acts of Michigan, 1955, as amended ("Act 233"), (ii) Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), (iii) Ordinance No. 2015-02 adopted by the Board of Directors of the Issuer on October 7, 2015, as amended (the "Bond Ordinance"), (iv) Ordinance No. 2026-03 adopted by the Board of Directors of the Issuer on April 22, 2026 (the "Series Ordinance"), and (v) a Sale Order of the Chief Executive Officer of the Issuer executed on May 19, 2026 (the "Sale Order," and together with the Bond Ordinance and the Series Ordinance, the "Ordinance"). Capitalized terms not otherwise defined herein shall have the meaning given such terms in the Ordinance.

As to questions of fact material to our opinion, we have relied upon certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by an independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Issuer is duly organized and validly existing as a municipal authority and public body corporate under Act 233.

2. The Bond Ordinance and the Series Ordinance have been duly and lawfully adopted by the Issuer and the Sale Order has been duly executed by the Chief Executive Officer of the Issuer, and each of the Bond Ordinance, the Series Ordinance and the Sale Order is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding obligations of the Issuer, secured by and payable solely from the Pledged Assets, which includes a pledge of the Net Revenues of the Sewer System.

4. Pursuant to Act 94, the Ordinance creates a valid statutory lien on the Pledged Assets as security for payment of the principal of and interest on the Bonds, on a senior lien basis, parity lien basis or junior lien basis with other bonds previously issued, currently being issued and to be issued hereafter, as described in the Bonds.

5. The Bonds and the interest thereon are exempt from taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

6. The interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an "applicable corporation" (as defined in Section 59(k) of the Code) is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on an applicable corporation that are subject to the corporate alternative minimum tax under Section 55 of the Code. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX XIV
## BOOK-ENTRY ONLY SYSTEM

**Book-Entry-Only System**

The information in this Appendix "Book-Entry-Only System" has been furnished by The Depository Trust Company ("DTC"). No representation is made by the Authority, the State, the Trustee or the Underwriters as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the Authority, the State, the Trustee or the Underwriters to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the Authority, the State nor the Trustee will have any responsibility or obligation to DTC Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Series 2026 Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each Type of the Series 2026 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect

Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participant's accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Authority or Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2026 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2026 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Authority believes to be reliable, but neither the Authority not the Underwriters take any responsibility for the accuracy thereof. The Authority and the Underwriters cannot and do not give any assurances that DTC, the Direct and Indirect Participants or others will distribute payments of principal and interest with respect to the Series 2026 Bonds paid to Cede & Co. or another DTC nominee as the Owner, or will distribute any redemption or other notices to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Authority and the Underwriters are not responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series 2026 Bonds or an error or delay relating thereto.

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