



# GREAT LAKES WATER AUTHORITY

## FOR IMMEDIATE RELEASE

December 3, 2015

### Media Contacts:

Amanda Abukhader / M: 734-934-7868 / O: 313-324-7854 / [amanda.abukhader@fleishman.com](mailto:amanda.abukhader@fleishman.com)

Greg Eno / 313-573-0775 / [eno@dwsd.org](mailto:eno@dwsd.org)

## **THE CITY OF DETROIT REACHES BONDHOLDER CONSENT FOR TRANSFER OF DWSD DEBT TO NEW GREAT LAKES WATER AUTHORITY**

*DWSD also refunds bonds to achieve cash flow savings of nearly \$40 million over the remaining life of the bonds.*

DETROIT— The City of Detroit has broken the final barrier to enable the regional Great Lakes Water Authority (GLWA) to assume operations and take over the Detroit Water and Sewerage's (DWSD) debt by January 1, 2016.

As one of the conditions precedent for the leases to become effective, DWSD was required to obtain the consent of not less than 51% of both its water and sewer bond holders to the change in obligor from DWSD to GLWA. As of November 25, 2015 DWSD was able to obtain the voluntary consent of more than 67% of its outstanding bonds.

On Wednesday, December 2, the DWSD sold refunding bonds for the Water Supply and Sewage Disposal Systems in a combined par amount of \$324.3 million. The initial investor demand for the DWSD bonds was tremendous, including \$4.2 billion in initial orders – over 12 times the demand for the amount of bonds available. This allowed the bonds to be re-priced at a lower rate, increasing the savings on the transaction. The success of this transaction results in a cash flow savings of \$38.2 million over the remaining life of the bonds. This was the highest level of savings that DWSD had seen on the refunding bonds since it began tracking the potential refunding savings opportunities back in January of 2015.

“Today’s positive response to our bond sale is an indicator that the investment community believes in the progress that DWSD has made over the past few years and in the upcoming transition to GLWA”, said Nicolette Bateson, CFO of DWSD and Interim Treasurer and CFO of GLWA. “This is not only the latest successful step leading up to the transition, but also an important endorsement of the benefits of a new regional authority.”

Since August of this year, the credit rating for DWSD has been upgraded by all three rating agencies. Each of the rating agencies has referenced the improvements in financial performance, strong management and the transition to GLWA as credit positives in their reports.

Under the leases and services agreements with the City of Detroit approved in June 2015, GLWA will assume responsibility for regional water and sewer infrastructure, including treatment plants and major pipelines, while the City of Detroit will maintain responsibility for local water and sewer infrastructure serving Detroit residents.

###

### **About the Great Lakes Water Authority (GLWA)**

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