



June 29, 2023

To: Clinton River Water Resource Recovery Facility Drainage District Apportioned Communities

Re: Clinton River Water Resource Recovery Facility Drainage District
Optimization Project Phase I – Electrical Improvements
CWSRF Project Number 5835-01

The Drainage Board for the Clinton River Water Resource Recovery Facility Drainage District (CRWRRF) will soon commence work on the Optimization Project Phase I – Electrical Improvements Project (Project). The Project intends to upgrade and replace aging electrical infrastructure at the CRWRRF. The Project will improve plant reliability and help to mitigate unapproved discharges as required by the Michigan Department of Environment, Great Lakes, and Energy (EGLE). The Project consists of the installation of plant backup generators and cogeneration power/steam generators, replacement of aging switchgear, construction of a new electrical building, and other electrical upgrades to the plant.

The estimated cost for the Project is \$62,645,000, and the final cost will be known after project bids are received on July 25, 2023. Estimates for this project have been challenging due to the volatile electrical supply market and costs will be trued up once the bids are opened. The Drainage Board plans to finance the Project by issuing drain bonds in one or more series.

The Drainage Board expects to issue at least one series of drain bonds to the State of Michigan’s CWSRF Program. The Project has been allocated \$38,090,000 of low-interest (1.875%) financing and the CWSRF Bonds are expected to close on September 20, 2023. Additional funding has been requested but the status of that request is unknown at this time. The CWSRF Bonds will relate to the Special Assessment Roll No. 1-A of the Clinton River Water Resource Recovery Facility Drain Optimization Project (“Roll No. 1-A”).

If necessary, the balance of the Project funding will likely be completed through a combination of additional CWSRF funding, public market bond offering, and/or grants. Current interest rates estimates for the public bond market are about 3.75% to 4.00% for 20 years. Grants, if received, will reduce the overall assessment for all apportioned communities. More details will be communicated as the Project budget and other funding sources are finalized.

On July 18, 2023, the Drainage Board is anticipated to approve Roll No. 1-A relating to the CWSRF financing only. Attached is a copy of the draft Assessment Roll. Upon approval, the Chairman of the Drainage Board will certify to each community its total assessment on each roll. The assessment amounts will be finalized by a Supplemental Order of the Chairman of the Drainage Board once the final cost is known after project bids are received.

Each community may elect to either pay its Roll No. 1-A in relation to the CWSRF bond issue in installments with interest or prepay its assessments.

Installment Payments

EGLE accepted the Project into the FY2023 Clean Water State Revolving Fund (CWSRF) financing Intended Use Plan. The interest rate on the bonds will be 1.875%, and the bonds will receive principal forgiveness of 10% of the amount financed. It is important to note, per EGLE’s FY2023 CWSRF structuring, the principal forgiveness is only applied to the amount financed.

The CWSRF financing is a draw-based loan. The Drain District will draw against the loan as Project construction proceeds. Semi-annual interest on the bonds will accrue based on the actual dollar amount that has been drawn on



the Project. The Drainage District will pay interest on the bonds each April 1 and October 1, beginning April 1, 2024. Oakland County Fiscal Services, on behalf of the Drainage District, will invoice communities for interest due prior to the due date. The CWSRF Bonds are anticipated to close on September 20, 2023. The Drainage Board anticipates (subject to change) that principal payments will begin on October 1, 2027.

If your community chooses to pay in installments, no action is required. The Drainage Board will include your community's assessments in the CWSRF bond issue and collect each assessment over twenty (20) installments.

Prepayment

Each community electing to prepay its assessments on the \$38,090,000 portion of the Project must notify the Drain Board of its intent to prepay and the amount to be prepaid by July 28, 2023. If your community's board or council decides to adopt a resolution approving prepayment following consultation with your local attorney, please include the adopted resolution in your prepayment notice.

Email the notice of intent to prepay to Carrie Cox, P.E., and Steven Burke, CFA (coxc@oakgov.com; steveb@mfc.com). In addition, mail a hard copy of the notice of intent to prepay to the Office of the Oakland County Water Resources Commissioner, Attention: Carrie Cox, P.E., One Public Works Drive, Bldg. 95-West, Waterford, MI 48328.

Oakland County Fiscal Services will send prepayment invoices with payment instructions on or about August 11, 2023. All prepayments must be received by Oakland County no later than September 12, 2023.

Should you have any questions, please contact the following individuals:

- Project questions: Carrie Cox, P.E., Chief Engineer, Oakland County Water Resources, at 248.470.1314 or email: coxc@oakgov.com.
- Financing questions: Contact the financial advisor to the Drainage District: Steven Burke, CFA, MFCI, LLC, at 313.782.3011 or email: steveb@mfc.com.

Thank you, and we look forward to our continued relationship as we proceed with this important Project.

Sincerely,

A handwritten signature in blue ink that reads "Jim Nash". The signature is fluid and cursive, with the first name "Jim" being more prominent than the last name "Nash".

Jim Nash
Oakland County Water Resources Commissioner

**Clinton River Water Resource Recovery Facility Drainage District
Part 1 of Optimization Project Phase I – Electrical Improvements
Drain Installments - Special Assessment Roll No. 1-A**

Public Corporations:	City of Auburn Hills	Charter Township of Independence	City of Lake Angelus	Village of Lake Orion	Charter Township of Oakland	Charter Township of Orion	Charter Township of Oxford	Village of Oxford	City of Pontiac	City of Rochester	City of Rochester Hills	Charter Township of Waterford	Township of West Bloomfield	Total
Apportionment:	5.257%	4.090%	0.000%	0.570%	1.315%	4.487%	1.841%	0.572%	54.800%	2.486%	10.242%	11.198%	3.142%	100.000%
Installments Due:														
10/1/2027	\$ 83,323	\$ 64,827	\$ -	\$ 9,035	\$ 20,843	\$ 71,119	\$ 29,180	\$ 9,066	\$ 868,579	\$ 39,403	\$ 162,336	\$ 177,488	\$ 49,801	\$ 1,585,000
10/1/2028	84,901	66,054	-	9,206	21,237	72,465	29,732	9,238	885,019	40,149	165,408	180,848	50,743	1,615,000
10/1/2029	86,741	67,485	-	9,405	21,698	74,036	30,377	9,438	904,198	41,019	168,993	184,767	51,843	1,650,000
10/1/2030	88,318	68,712	-	9,576	22,092	75,382	30,929	9,610	920,638	41,765	172,066	188,126	52,786	1,680,000
10/1/2031	89,895	69,939	-	9,747	22,487	76,728	31,481	9,781	937,079	42,511	175,138	191,486	53,728	1,710,000
10/1/2032	91,472	71,166	-	9,918	22,881	78,074	32,033	9,953	953,520	43,256	178,211	194,845	54,671	1,740,000
10/1/2033	93,312	72,598	-	10,118	23,341	79,644	32,678	10,153	972,697	44,127	181,796	198,765	55,771	1,775,000
10/1/2034	95,152	74,029	-	10,317	23,802	81,215	33,322	10,353	991,879	44,997	185,380	202,684	56,870	1,810,000
10/1/2035	96,729	75,256	-	10,488	24,196	82,561	33,874	10,525	1,008,320	45,742	188,453	206,043	57,813	1,840,000
10/1/2036	98,569	76,688	-	10,688	24,656	84,131	34,519	10,725	1,027,497	46,613	192,038	209,963	58,913	1,875,000
10/1/2037	100,409	78,119	-	10,887	25,117	85,702	35,163	10,925	1,046,679	47,483	195,622	213,882	60,012	1,910,000
10/1/2038	102,249	79,551	-	11,087	25,577	87,272	35,807	11,125	1,065,859	48,353	199,207	217,801	61,112	1,945,000
10/1/2039	104,351	81,187	-	11,315	26,103	89,067	36,544	11,354	1,087,779	49,347	203,304	222,280	62,369	1,985,000
10/1/2040	106,191	82,618	-	11,514	26,563	90,637	37,188	11,554	1,106,962	50,217	206,888	226,200	63,468	2,020,000
10/1/2041	108,294	84,254	-	11,742	27,089	92,432	37,925	11,783	1,128,880	51,212	210,985	230,679	64,725	2,060,000
10/1/2042	110,397	85,890	-	11,970	27,615	94,227	38,661	12,012	1,150,800	52,206	215,082	235,158	65,982	2,100,000
10/1/2043	112,237	87,322	-	12,170	28,075	95,797	39,305	12,212	1,169,980	53,076	218,667	239,077	67,082	2,135,000
10/1/2044	114,340	88,958	-	12,398	28,601	97,592	40,042	12,441	1,191,897	54,071	222,764	243,557	68,339	2,175,000
10/1/2045	116,705	90,798	-	12,654	29,193	99,611	40,870	12,698	1,216,562	55,189	227,372	248,596	69,752	2,220,000
10/1/2046	118,808	92,434	-	12,882	29,719	101,406	41,607	12,927	1,238,480	56,184	231,469	253,075	71,009	2,260,000
	<u>\$ 2,002,393</u>	<u>\$ 1,557,885</u>	<u>\$ -</u>	<u>\$ 217,117</u>	<u>\$ 500,885</u>	<u>\$ 1,709,098</u>	<u>\$ 701,237</u>	<u>\$ 217,873</u>	<u>\$ 20,873,304</u>	<u>\$ 946,920</u>	<u>\$ 3,901,179</u>	<u>\$ 4,265,320</u>	<u>\$ 1,196,789</u>	<u>\$ 38,090,000</u>

DRAFT