



## Oakland-Macomb Interceptor Drain Drainage District

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June 22, 2020

Joe Snyder  
City of Rochester Hills  
1000 Rochester Hills Drive  
Rochester Hills, MI 48309

Re: Oakland-Macomb Interceptor Drain, Extension and Improvement Project  
Assessment Roll No. 1 Series 2020A Bonds Not to Exceed \$84,000,000

Dear Mr. Snyder:

The Drainage Board for the Oakland-Macomb Interceptor Drain Drainage District (Drainage District) will soon commence the next construction segment of improvements to the Oakland-Macomb Interceptor Drain (OMID). This next project will replace the electrical and mechanical equipment at the Northeast Sewage Pumping Station and rehabilitate approximately seven miles of the Northeast Interceptor-East Arm sanitary sewer. The cost of this project segment will be up to \$84 million that is financed through the issuance of the 2020A bond series. Background related to the formation of the drain and additional detail on the proposed project are included with this letter.

On June 17, 2020, the Drainage Board approved Assessment Roll No. 1 relating to the Series 2020A Bonds for the work described herein, also known as the second segment of the extension and improvement project of the OMID. This letter is presented in accordance with Section 526 of Chapter 21 of the Michigan Drain Code of 1956 ("Drain Code"), as amended, MCL 280.526, which among other things, requires the Chairperson of the Drainage Board to certify the assessment to each public corporation, and allow, should your community determine expedient, to prepay the assessment and avoid interest and finance charges associated with the anticipated 2020 bond issue for this segment. Attached is a copy of the 2020 Assessment Roll No. 1 and certification of the assessment.

Each community has an opportunity to prepay all, or a portion of its assessment before each series of bonds are issued. To prepay your 2020A bond assessment, your board or council will need to adopt a resolution indicating that it would like to prepay their assessment, as well as the amount of the prepayment. This resolution must be provided to the Drainage Board on or before **July 22, 2020**. If your community chooses to not prepay, it will be included in the Series 2020A Bond issue, and your assessment will be collected over twenty (20) years. A template resolution confirming the prepayment of your community's special assessment is attached for your use.

The FY2021 budget that was presented to your community incorporated this anticipated debt service payment. As shown on Figure 1 attached ("Total OMID Charges - Operating and Debt"), the anticipated debt service is offset by the GLWA charge reduction. This reduction was made possible by the renegotiated GLWA agreement in 2019. We continue to be on track to complete the \$100 million of critical infrastructure improvements with no net increase to your community's annual charges.

Should you have any questions please contact the following individuals:

- Assessment or the bond issues for this segment, please contact the financial advisor to the Drainage District: Steven Burke, CFA, MFCI, LLC, at 313.782.3011 or email: [steveb@MFCI.com](mailto:steveb@MFCI.com).
- Project questions, please contact Brian Baker, Chief Deputy Macomb County Public Works Commissioner at 586.307.8210, or email: [brian.baker@macombgov.org](mailto:brian.baker@macombgov.org); or Joel Brown, P.E., Assistant Chief Engineer, Oakland County Water Resources at 248.858.0958 or email: [brownjt@oakgov.com](mailto:brownjt@oakgov.com).
- Pre-payment questions, please contact Brian Coburn, Chief Engineer Oakland County Water Resources at 248.452.1022 or [coburnbr@oakgov.com](mailto:coburnbr@oakgov.com) and Brian Baker, Chief Deputy Macomb County Public Works Commissioner at 586.307.8210, or email: [brian.baker@macombgov.com](mailto:brian.baker@macombgov.com)

The adopted prepayment resolution should be sent to Megan Koss, Esq., Office of the Oakland County Water Resources Commissioner, [kossm@oakgov.com](mailto:kossm@oakgov.com); 248.858.1791, One Public Works Drive, Bldg. 95-West, Waterford, MI 48328. Prepayment shall be made upon invoice from the Oakland County Fiscal Services, which will be sent on or about August 1, 2020. We anticipate the bond sale on or about August 19, 2020.

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

Sincerely,



Candice Miller  
Macomb County Public Works Commissioner



Jim Nash  
Oakland County Water Resources Commissioner

Enclosures

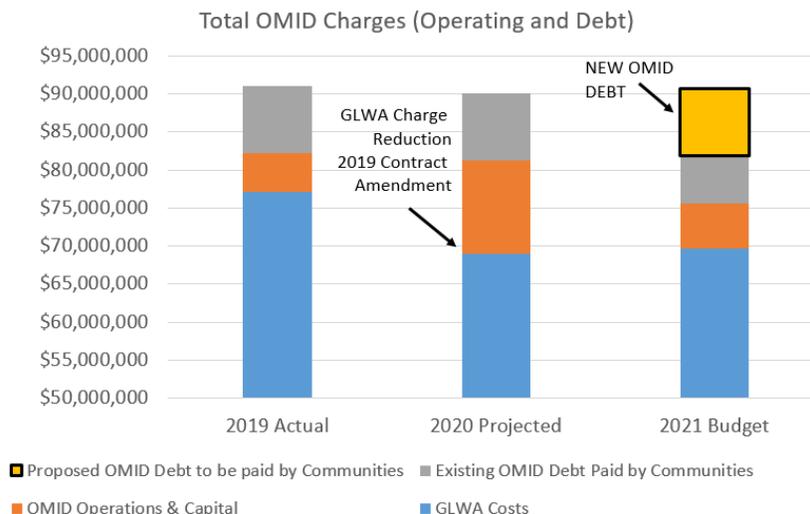


Figure 1.

### ***Drain Background***

The terminus of the Drain is located within the City of Detroit and includes the Northeast Sewage Pumping Station located on Outer Drive north of Seven Mile Road. The Drain also includes the North Interceptor East-Arm, a seven-mile 8’ to 13’ foot diameter sewer extending from the pump station to Gratiot Avenue (collectively the pump station and downstream sewer are referred to as “wastewater facilities”). Please see the attached map.

These wastewater facilities were originally constructed by the City of Detroit in the 1970s and currently serve over 850,000 residents and businesses, including your community, along with 22 other communities located in Macomb and Oakland Counties. The present condition of the wastewater facilities requires significant rehabilitation and improvements, including the extension of the Drain.

In the past, the Detroit Water and Sewerage Department (and now, Great Lakes Water Authority, “GLWA”), would have undertaken the repairs and improvements, along with the day-to-day maintenance and operations of the wastewater facilities, and included them in the rates charged to your community pursuant to a wastewater services contract between the OMID Drainage Board and GLWA. However, in 2019, the wastewater services contract was amended to permit the Drainage District to assume the capital improvement and day-to-day maintenance responsibilities of the wastewater facilities. Under this agreement, GLWA would continue to have operational responsibilities since the NESPS requires careful coordination with the regional system operated by GLWA.

In fiscal year 2018-19 (ending July 1, 2019) the annual charge to the Drainage District (and passed on to each of the communities within the Drainage District) was more than \$10.5 million. With the Drainage District’s assumption of the capital improvement and day-to-day maintenance responsibilities, and the reduction of the annual GLWA charge for operations (which has been reduced from \$10.5 million to \$2.1 million per year), we believe that the Project can be undertaken without the necessity of increasing your sewer rates. In other words, we anticipate that the savings associated with the Drainage District performing day-to-day maintenance, and the bonding of the Project, will be enough to result in no significant increases to your rates charged to your sewer customers associated with this Project.

The first segment of the Project was the acquisition and contribution in aid to capital payment to GLWA in the amount of \$11,920,000. This was paid with a combination of community prepayments and

the Series 2019 Bond Issue. This Project cost was part of the agreement between the Drainage District and GLWA and has the added benefit of eliminating any prior debt on the wastewater facilities.

### ***Project Description***

#### **North Interceptor East Arm**

The proposed project includes design and rehabilitation of approximately 1600 lineal feet of lining of the existing 17.5-foot diameter PCI-4 interceptor, lining of approximately 800 lineal feet of the existing 12-foot diameter PCI-19 interceptor.

The project also consists of construction earth retention systems, shafts, gates, manholes, new piping, electrical, control and communication systems. In also consists of related modifications to gain access to the interceptor in the North Interceptor East-Arm and GLWA systems as well as upstream OMID flow control system operations and modifications to facilitate the downstream work. Contracted work also includes various spot repairs and other ancillary work in the North Interceptor East-Arm including the transition point of the and OMID and GLWA systems. Related surface repairs of existing infrastructure to access the underground interceptor will also be needed along with various agreements with other government and private corporations for permitting, access and managing the flow in order to commence the work.

#### **Northeast Sewage Pump Station (NESPS) Repairs**

The purpose of the Northeast Sewage Pumping Station (NESPS) Pumping and Electrical Upgrades Project is to improve redundancy and efficiency to the pumping operations at the pump station. This will be achieved through the replacement of the existing pumps, motors, process piping, plumbing, electrical service, transformers, gear, starters, controls, communications, computer, software and all appurtenances to completely rehabilitate the pump station process from service power into the facility to wastewater leaving the facility. Five new pumps that will be approximately 1000 horsepower each will be installed with new discharge piping, controls, valves, actuators and other appurtenances. The station will utilize best management practices with pumping units that are better sized to match the expected flow along with some alternative energy features. Demolition of the old pumps and related piping and electrical gear and service will also be required.

Civil/ Site Work for new drainage, concrete access drive, earthwork, landscaping, lighting, fencing and security features are also included in the project. A new roof for the existing pump station will be required to protect the new equipment inside the facility along with a new electrical building which will allow concurrent operations of the pump station while phasing over to the new system. The new building will include restroom, storage, cleaning and control rooms and office facilities for staff to properly maintain the new assets.

### ***Assessment Roll and Series 2020A Bond Issue***

As noted above, attached is a copy of the Assessment Roll No. 1 relating to the Series 2020A Bonds for the second segment of this Project. The second segment involves the design and construction of improvements to the wastewater facilities. The 2020A Bonds will not exceed \$84,000,000. The Series 2020A Bonds, are currently scheduled to be sold in August 2020, and close in September 2020. We anticipate third bond issue for an estimated \$15,000,000 in or about Summer of 2021.

**SPECIAL ASSESSMENT ROLL NO.1 RELATING TO SERIES 2020A BONDS  
FOR OAKLAND-MACOMB INTERCEPTOR DRAIN DRAINAGE DISTRICT  
(An Inter-County Drain in Oakland County and Macomb County, Michigan)**

Total Amount Assessed for the Project Costs:	\$ 83,122,142.00
Total Prepayments:	-
Total Project Cost Bonded:	83,122,142.00
Estimated Total Amount to be Assessed for the Financing Costs (Including Underwriter Discount):	877,858.00
Contingency:	-
<b>Total Bond Issue*:</b>	<b><u>\$ 84,000,000.00</u></b>

\*Including Financing Costs and Contingency

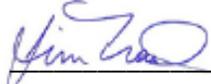
<u>County of Oakland</u> PUBLIC CORPORATIONS	33.1000%	AMOUNT	PREPAID	AMOUNT	AMOUNT	33.1000%
	PERCENTAGE OF PROJECT	ASSESSED FOR PROJECT		ASSESSED FOR FINANCING COSTS	ASSESSED FOR BOND ISSUE	PERCENTAGE OF BOND ISSUE
City of Auburn Hills	4.9705%	4,131,586.07		43,633.93	4,175,220.00	4.9705%
Independence Township (includes Village of Clarkston)	2.4213%	2,012,636.42		21,255.58	2,033,892.00	2.4213%
City of Lake Angelus	0.0185%	15,377.60		162.40	15,540.00	0.0185%
Village of Lake Orion	0.3409%	283,363.38		2,992.62	286,356.00	0.3409%
Oakland Township	1.0393%	863,888.42		9,123.58	873,012.00	1.0393%
Orion Township	3.1494%	2,617,848.74		27,647.26	2,645,496.00	3.1494%
Oxford Township	1.2468%	1,036,366.87		10,945.13	1,047,312.00	1.2468%
Village of Oxford	0.5928%	492,748.06		5,203.94	497,952.00	0.5928%
City of Rochester	1.9526%	1,623,042.94		17,141.06	1,640,184.00	1.9526%
City of Rochester Hills	8.1106%	6,741,704.45		71,199.55	6,812,904.00	8.1106%
Waterford Township	7.6159%	6,330,499.21		66,856.79	6,397,356.00	7.6159%
West Bloomfield Township	1.6414%	1,364,366.84		14,409.16	1,378,776.00	1.6414%
	<b>33.1000%</b>	<b>27,513,429.00</b>		<b>290,571.00</b>	<b>27,804,000.00</b>	<b>33.1000%</b>

<u>County of Macomb</u> PUBLIC CORPORATIONS	66.9000%	AMOUNT	PREPAID	AMOUNT	AMOUNT	66.9000%
	PERCENTAGE OF PROJECT	ASSESSED FOR PROJECT		ASSESSED FOR FINANCING COSTS	ASSESSED FOR BOND ISSUE	PERCENTAGE OF BOND ISSUE
Chesterfield Township	4.7983%	3,988,449.74		42,122	4,030,572.00	4.7983%
Clinton Township	14.1538%	11,764,941.73		124,250	11,889,192.00	14.1538%
City of Fraser	2.7237%	2,263,997.78		23,910	2,287,908.00	2.7237%
Harrison Township	4.1556%	3,454,223.73		36,480	3,490,704.00	4.1556%
Lenox Township	0.6353%	528,074.97		5,577	533,652.00	0.6353%
Macomb Township	9.4344%	7,842,075.36		82,821	7,924,896.00	9.4344%
Village of New Haven	0.5475%	455,093.73		4,806	459,900.00	0.5475%
Shelby Township	6.6490%	5,526,791.22		58,369	5,585,160.00	6.6490%
City of Sterling Heights	20.8081%	17,296,138.43		182,666	17,478,804.00	20.8081%
City of Utica	1.1036%	917,335.96		9,688	927,024.00	1.1036%
Washington Township	1.8907%	1,571,590.34		16,598	1,588,188.00	1.8907%
	<b>66.9000%</b>	<b>55,608,713.00</b>		<b>587,287.00</b>	<b>56,196,000.00</b>	<b>66.9000%</b>

The foregoing assessment roll was approved by the OMIDD Drainage Board on June 17, 2020.



Chairperson

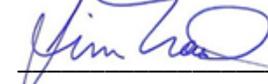


Secretary

We hereby certify the foregoing special assessment roll was prepared in accordance with the directives of the OMIDD Drainage Board and the statutory provisions applicable thereto.



Chairperson



Secretary



Drainage Board Member

**Oakland-Macomb Interceptor Drainage District**  
**Counties of Oakland and Macomb, State of Michigan**  
**June 17, 2020**

**Drain Assessment**

Public Corporation Assessed:	<b><u>City of Rochester Hills</u></b>
Total Estimated Cost of the Project:	\$83,122,142.00
Percentage of the Project Assessed:	8.1106%
<b>Total Amount of the Project Assessed:</b>	<b>\$6,741,704.45</b>

Public Corporations may choose to prepay the above amount. Signed resolutions must be returned to the Oakland County Water Resources Commissioner by July 22, 2020. All prepayments must be made by September 1, 2020. See the attached letter for full details.

**Estimated Series 2020A Bond Issue Details**

Total estimated principal amount of the Bond Issue (\$84,000,000), including costs of issuance, to be Assessed if the Project Assessment is NOT prepaid: \$6,812,904.00

Estimated Bond Debt Service Schedule:

*Principal Due Annually July 1, beginning July 1, 2021*

<i>Installment Number</i>	<i>Fiscal Year ending June 30,</i>	<i>Total Estimated Fiscal Year Principal &amp; Interest</i>
1	2021	57,914.04
2	2022	311,258.47
3	2023	352,636.72
4	2024	352,296.08
5	2025	352,608.34
6	2026	352,350.82
7	2027	448,601.34
8	2028	448,678.39
9	2029	448,487.79
10	2030	448,828.44
11	2031	448,477.65
12	2032	448,645.95
13	2033	448,510.10
14	2034	448,868.99
15	2035	448,499.96
16	2036	448,613.51
17	2037	448,785.86
18	2038	449,004.84
19	2039	448,858.85
20	2040	448,747.33
21	2041	448,658.12
		\$ 8,509,331.59

**Interest:**

Interest on the outstanding principal balance shall accrue at the following estimated rate per annum (total interest cost) payable January 1, 2021 and semi-annually thereafter: 2.25%

[TEMPLATE PREPAYMENT RESOLUTION]

CITY/TOWNSHIP OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_, MICHIGAN

RESOLUTION

Minutes of a regular meeting of the [City Council/Board of Trustees] of the [City/Township] of \_\_\_\_\_, County of \_\_\_\_\_, State of Michigan (the “City/Township”), held in said City/Township on the \_\_\_\_\_ day \_\_\_\_\_ 2020, at \_\_\_\_ a.m./p.m., Eastern Daylight Savings Time.

PRESENT: Council/Board Members:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

ABSENT: Council/Board Members:

\_\_\_\_\_

WHEREAS, pursuant to the petitions received by the Charter Township of Waterford, Oakland County, and the City of Sterling Heights, Macomb County (collectively, the “Petitions”) requesting the Maintenance, Extension and Improvement of the Oakland-Macomb Interceptor Drain (the “Drain”) pursuant to Section 535 of Michigan Public Act 40 of the Public Acts of 1956 (“Drain Code” or Act 40), as amended, MCL §280.535 and filed with the Director of the Michigan Department of Agriculture, proceedings have been carried out by the Augmented Drainage Board and Drainage Board for the Oakland-Macomb Interceptor Drain Drainage District (the “Drainage District”) to acquire, finance, construct, improve, and replace certain wastewater facilities (the “Project”) as set forth in Attachment A, and said Project having been determined to be necessary for the public health; and,

WHEREAS, on August 21, 2019, the Drainage Board for the Drainage District confirmed and adopted a Final Order of Apportionment and cost of the Project has been apportioned against the following public corporations in the counties of Oakland and Macomb as follows: (in Oakland County) City of Auburn Hills (4.9705%), Independence Township (includes City of Clarkston) (2.4213%), City of Lake Angelus (0.0185%), City of Rochester (1.9526%), City of Rochester Hills (8.1106%), Oakland Township (1.0393%), Orion Township (3.1494%), Oxford Township (1.2468%), Village of Lake Orion (0.3409%), Village of Oxford (0.5928%), Waterford Township (7.6159%), West Bloomfield Township (1.6414%); (in Macomb County) Chesterfield Township (4.7983%), City of Fraser (2.7237%), City of Sterling Heights (20.8080%), City of Utica (1.1036%), Clinton Township (14.1538%), Harrison Township (4.1556%), Lenox Township

(0.6353%), Macomb Township (9.4344%), Shelby Township (6.6490%), Village of New Haven (0.5475%), and Washington Township (1.8907%) (the “Public Corporations”); and,

WHEREAS, on June 17, 2020, the Drainage Board approved and adopted Oakland-Macomb Interceptor Drain 2020 Special Assessment Roll No. 1 Relating to Series 2020A Bonds with respect to the costs of the second segment of the Project not to exceed \$84,000,000, for the improvements to the Northeast Sewage Pumping Station and North Interceptor East-Arm in accordance with the Final Order of Apportionment; and,

WHEREAS, pursuant to the authorization provided in Section 528 of Chapter 21 of the Drain Code (MCL §280.528), the Drainage Board of the Drainage District expects to provide for the issuance of one or more series of bonds to finance the costs of the Project, and the costs of issuance of such bonds, in anticipation of the collection of assessments to be made pursuant to the Drain Code, and to pledge the full faith and credit of the Drainage District for the prompt payment of the principal thereof and the interest thereon; and

WHEREAS, such bonds will be payable from the collection of special assessments against the Public Corporations, said special assessments to be duly confirmed as provided in the Drain Code; and

WHEREAS, prior to the issuance of said bonds for the first segment, the Drainage Board has notified the *[City/Township]*, to permit, should the *[City/Township]* determine expedient, to prepay the assessment and avoid interest and finance charges associated with the anticipated Series 2020A Bond issue for this Project segment; and,

WHEREAS, the Drainage Board has requested that the *[City/Township]* adopt a resolution and affirming its intention to prepay its Series 2020A drain special assessment for this Project segment, and forward same by July 22, 2020, and make full payment of the assessment by September 1, 2020.

NOW, THEREFORE, BE IT RESOLVED, that the *[City/Township]* hereby confirms that it will pay in full, its drain assessment in the amount of *[amount of assessment]*, pursuant to the Oakland-Macomb Interceptor Drain 2020 Special Assessment Roll No. 1.

BE IT FURTHER RESOLVED that the City/Township Treasurer is directed to notify the Drainage Board for the Oakland-Macomb Interceptor Drain Drainage District by July 22, 2020 and of its intention to submit payment to the no later than September 1, 2020.

BE IT FURTHER RESOLVED, that all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES:

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NAYS:

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RESOLUTION DECLARED ADOPTED.

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*[City/Township Clerk]*

State of Michigan     )  
                                          )ss  
County of                 )

I hereby certify that the foregoing constitutes a true and correct copy of the resolution adopted by the City Council/Board of Trustees of the City/Township of \_\_\_\_\_, County of \_\_\_\_\_, State of Michigan, at a regular meeting held on \_\_\_\_\_, 2020, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Michigan Public Act 267 of the Public Acts of 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

In witness whereof, I have hereunto fixed my official signature on this \_\_\_\_ day of \_\_\_\_\_, 2020.

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*[City/Township Clerk]*