

TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 6, 2014

COMMITTEE ON FINANCE

Mr. David St. Pierre, Executive Director

..Title

Ordinance O14-011 An Ordinance Authorizing and Providing for the Issuance of Not to Exceed \$100,000,000 General Obligation Unlimited Tax Capital Improvement Bonds of the Metropolitan Water Reclamation District of Greater Chicago

..Body

Dear Sir:

Attached is the second of four ordinances being presented to the Board today relating to the District's anticipated General Obligation Capital Improvement Bonds sale totaling \$300,000,000. This Ordinance O14-011 authorizes the sale of not to exceed \$100,000,000 General Obligation Unlimited Tax Capital Improvement Bonds. The sale of these bonds will fund continuing construction of TARP and costs of other construction projects which were initiated before the Property Tax Extension Limitation Law(October of 1991) and are not subject to its provisions.

The District held a public hearing on October 2, 2014, pursuant to the Bond Issue Notification Act stating its intention to issue not to exceed \$500,000,000 of General Obligation Capital Improvement Bonds. All Ordinances presented for approval will be issued in accordance with the conditions stated at that hearing.

The Ordinance sets the legal parameters for issuance of the bonds and provides for various necessary details relative to the bonds, including the required authority to levy and collect the direct annual taxes for payment of bond principal and interest as due, and the Ordinance authorizes the Treasurer and any one elective officer of the District to sign a binding bond purchase agreement with the underwriters on behalf of the District, and also to sign a related "Bond Order," on the date of sale. Such authority permits the sale to be completed in a prompt and timely manner when conditions in the bond market are in a stable and acceptable state for issuance of the District's bonds. The Bonds may be sold in one or more bond sales over the next year dependent upon the capital financing needs of the District. The action of the Treasurer and the elective officer in signing the bond purchase agreement(s) and executing the Bond Order(s) will be reported to the Board at the next regular meeting following each sale date.

The authority to sell the Bonds shall expire on April 30, 2015. This expiration period has been proposed to allow for flexibility in issue size and the ability to adapt to changing conditions in the bond market. Authority is requested to access the market to sell up to \$225,000,000 in new money bonds to fund capital improvement projects and up to \$75,000,000 in refunding bonds dependent upon market conditions. The size and structure of the sale will be determined with the assistance of the Underwriters and Financial Advisors based upon the market interest rates, investor cash positions, supply of bonds for sale, liquidity of the market and other conditions. .

The purchase price is set at not less than 97% of the original principal amount; compensation to the purchasers is not to exceed seventy-five cents(\$0.75) per \$1,000 principal amount of bonds sold (excluding syndicate expenses and underwriter counsel fees); the bonds may be subject to optional redemption at not more than 103%; interest may be capitalized for a period of not more than twenty-four months; and the bonds may mature not later than December 1, 2044.

It is recommended that "Ordinance O14-011 Authorizing and Providing For the Issuance of Not to Exceed \$100,000,000 General Obligation Unlimited Tax Capital Improvement Bonds of the Metropolitan Water Reclamation District of Greater Chicago" be adopted by the Board of Commissioners.

Requested, Mary Ann Boyle, Treasurer, MAB:st

Respectfully Submitted, Mariyana T. Spyropoulos, Chairman Committee on Finance

Disposition of this agenda item will be documented in the official Regular Board Meeting

Minutes of the Board of Commissioners for November 6, 2014