



Study Session

The purpose of the Study Session
is to review the primary bond sale
documents and the official statement disclosures

December 4, 2014



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Section I Bond Ordinances



Bond Ordinances

- The Bond Ordinance authorizes the issuance and sale of the Bonds. There are four separate Ordinances, one for each series of bonds being issued.
- The Bond Ordinance delegates to one Elected Officer and one Appointed Officer, the authority to sell the Bonds and determine those matters that can only be determined when the Bonds are sold.
- The Elected Officers are the President, the Vice-President and the Chair of the Finance Committee.
- The Appointed Officers are the Executive Director and the Treasurer.
- The Bond Ordinance is the contract between the District and the Bondholders.
- The District agrees to provide for the punctual payment of the principal of and interest on the Bonds.



Bond Ordinance (continued)

- The District agrees to maintain the tax exempt status of the interest on the Bonds by applying the Bond proceeds in accordance with the tax law and by investing the proceeds before the money is spent in accordance with the tax law.
- To secure the District's promise of punctual payment of the principal of and interest on the Bonds, the District agrees to levy annual debt service taxes against all taxable property and the District agrees to file that levy with the County Clerk who is authorized to extend the required tax.
- Annually, the District may provide other funds to pay the Bonds and abate the debt service tax.
- This year the District is issuing "Alternate Bonds" for the first time. When Alternate Bonds are issued the District must also promise that the Alternate Revenue will be sufficient each year to pay the Bonds and provide a coverage of 25% above the required debt service. The Stormwater Management Tax is the District's "Alternate Revenue."



Section II Preliminary Official Statement

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Preliminary Official Statement

- Basic Terms and Purposes of the Bonds (Pages 1 – 10)
- Green Projects (Pages 4 - 5)
- Security for the Bonds (Pages 10 – 14)
- Discussion of the District
 - Leadership & Organization (Pages 15 – 16)
 - Services Provided (Page 16)
 - Recent Financial Information (Pages 21 – 22)
 - Budgetary Process and Status (Pages 53 – 54)
 - Existing Direct and Estimated Overlapping Debt (Page 24)
 - Anticipated Additional Debt/Capital Improvement Program (Appendix B)
 - Environmental and Litigation Disclosures (Pages 76 – 80)

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Preliminary Official Statement (continued)

- Pensions (Pages 34 – 53)
- Tax Base
 - Overlapping Taxing Bodies (Page 57)
 - Levy, Extension and Collection Process (Pages 58 – 60)
 - EAV Statistics (Page 60)
- Tax Status of the Bonds (Pages 72 – 75)
- Continuing Disclosure (Page 81)
- Final Official Statement – to be prepared once Bonds are priced

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Section III Green Bonds

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Green Bonds

- The Bonds will be sold as follows -
 - \$100,000,000* General Obligation Unlimited Tax Capital Improvement Bonds, 2014 Series A (Green Bonds)
 - \$50,000,000* General Obligation Unlimited Tax Bonds (Alternate Revenue Source), 2014 Series B (Green Bonds)
 - \$75,000,000* General Obligation Limited Tax Capital Improvement Bonds, 2014 Series C (Green Bonds)
- The purpose of labeling the Series A, B and C Bonds as Green Bonds is to allow investors to invest directly in these environmentally beneficial projects.
- For the benefit of investors, the District has defined four categories of its Green Projects as defined below.
 - Tunnel and Reservoir Plan (TARP) Project
 - Stormwater Management Program Projects
 - Resource Recovery Projects
 - Water Reclamation Plant Expansions and System Improvements

Subject to change

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Green Bonds (continued)

- Pursuant to the respective Bond Ordinances and in accordance with the Debt Reform Act, it is anticipated that proceeds will be used as follows:
 - Series A Bonds will be used to fund a portion of the Tunnel and Reservoir Plan (TARP) Project
 - Series B Bonds will be used to fund a portion of the Stormwater Management Program Projects
 - Series C Bonds will be used to fund portions of the District's Resource Recovery Projects and Water Reclamation Plant Expansions and System Improvements
- The proceeds of the Green Bonds will be tracked by the District and deposited into a segregated account.
 - The District plans to post periodic updates on the use of proceeds of the Green Bonds in a report on its website: <https://www.mwrd.org/isj/portal/anonymous/AFReports>.
 - The District plans to post a report of all projects funded when all proceeds have been spent. Once all proceeds of the Green Bonds have been spent, no further updates will be provided.

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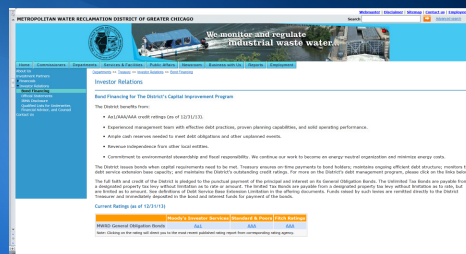
Section IV Increased Transparency at the District

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Increased transparency at the District

- The District has added a "Bond Sale Information" link on its web page. This link leads to the Treasury section where the CAFR, Budget, past Ratings Reports, Investor Presentations, POS, OS and other transaction related data can be viewed.



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Section V Bond Purchase Agreement

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Bond Purchase Agreement

- A Bond Purchase Agreement (BPA):
 - is a Contract executed by the District and the Representative, on behalf of itself and the other Underwriters working on the transaction.
 - specifies the various conditions that must exist before the Underwriter will accept and pay for the Bonds.
 - represents the allocation of responsibilities in the transaction and serves to facilitate the Underwriters' allocation of responsibilities in the transaction and identify any legal issues that may be present in the offering.

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Bond Purchase Agreement (continued)

- District Representations.** The District makes certain representations to the Underwriters in the Bond Purchase Agreement including:
 - that the statements and information in the Official Statement (excluding certain sections) were true, correct and complete in all material respects; as of the date of the Preliminary Official Statement and Official Statement.
 - that it is a sanitary district and body corporate and politic duly organized and existing under the laws of the State, and has, full legal right, power and authority to enter into the Bond Purchase Agreement and other documents required as part of the Closing and to pledge its full faith and credit to the payment of principal of and interest on the Bonds and levy ad valorem taxes for the payment of the Bonds.
 - that it has complied with all of the provisions of applicable State law.
 - The District is in full compliance with each and every continuing disclosure undertaking previously entered into by the District pursuant to Rule 15c2-12.

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Bond Purchase Agreement (continued)

- Representations of the Underwriters.** The Underwriters represent, warrant, covenant and agree as follows:
 - The Underwriters shall offer the Bonds in accordance with applicable State and Federal laws.
 - The Representative has been duly authorized to execute the Bond Purchase Agreement and when executed, is a valid and binding obligation of the Underwriters;
 - The Underwriters shall offer the Bonds only pursuant to the Official Statement. The Underwriters shall not make any untrue or misleading statement in connection with the offering and sale of the Bonds.
 - The Underwriters shall comply with all applicable registration and qualification requirements applicable to the Underwriters or the Bonds under any securities or "blue sky" law of any jurisdiction in which such registration or qualification is required.
- Payment of Expenses.** Allocates responsibility for the payment of transactions expenses between the District and the Underwriters.

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Bond Purchase Agreement (continued)

- **Conditions of Underwriters' Obligations.** The obligations of the Underwriters are contingent upon (i) the representations and agreements of the District being true, and (ii) the performance by the District of its obligations.
- **Termination.** The Representative shall have the right to terminate this Bond Purchase Agreement by notifying the District of its election to do so, under certain circumstances.
- Bond purchasers sign a certificate verifying the bonds were offered and sold to the general public in a bona fide offer at fair market value as one of several criteria necessary to comply with IRS regulations.

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Section VI Continuing Disclosure Undertaking

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Continuing Disclosure Undertaking

- Annual Information Disclosure
 - Submitted within 210 days of close of fiscal year
 - Submitted directly to MSRB via EMMA website as word-searchable .pdf file.
- Audited Financial Statements
 - Submit with Annual Financial Info or within 30 days of availability, if available later.
 - Submit unaudited financials if audited are unavailable.
- Event Disclosure Within 10 Business Days
- Failure to File
 - Not a bond default
 - But, notice of late failure must be filed.

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Section VII Tax Compliance

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Tax Compliance

- Interest on the Bonds is exempt from Federal income tax.
- The District covenants with its bondholders that it will maintain the tax exempt status of the Bonds for the full term of the Bonds.
- The Internal Revenue Code and Treasury Regulations require, among other things, that the District spend the Bond proceeds on projects that are owned and used almost exclusively by state or local government entities.
- The District must expect, and take steps to ensure, that the requirements of the IRS Regulations will be met for the term of the Bonds.
- The District must plan to spend the Bond proceeds on qualifying projects as promptly as reasonably possible after the issuance of the Bonds and to have at least 85% of the Bond proceeds spent for such purposes within 3 years after the issue date.
- The projects financed by the 2006 Bonds, which are being refunded by the Bonds, must also maintain continuous compliance with these tax law requirements.
- The District must have procedures to monitor compliance with the tax law requirements applicable both to the District and to the recipients of grants funded by the Bonds.

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Questions?

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