



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

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Title: Authority to Invest up to \$100,000,000 of District Funds in the Purchase of State of Illinois Bond Obligations

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Date	Ver.	Action By	Action	Result
1/7/2010	1	Committee of the Whole	Recommended	Pass
1/7/2010	1	Board of Commissioners	Approved	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF JANUARY 7, 2010

COMMITTEE ON FINANCE

Mr. Richard Lanyon, Executive Director

Authority to Invest up to \$100,000,000 of District Funds in the Purchase of State of Illinois Bond Obligations

Dear Sir:

Illinois Public Funds Investment Act 30 ILCS 235, Section 2(a)(1), authorizes investment by any public agency in interest-bearing bonds of the State of Illinois (as well as counties and municipal entities) as long as they are "rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions."

The District's Investment Policy was approved by the Board of Commissioners on April 19, 2001. Section V of the Policy, entitled "Suitable and Authorized Investments, 1) Investment Types," does not specify municipal bonds or bonds of the State of Illinois as permitted investments, but opportunity exists for the purchase of taxable State of Illinois General Obligation Bonds at initial sale in January 2010, with estimated interest yields greater than now currently available to the District for any other investment class.

We propose to purchase up to \$100,000,000 of State of Illinois General Obligation Bonds, Taxable Series of January 2010, at initial issuance in January 2010. The issue has five equal maturities of \$693,200,000 maturing annually from January 1, 2011, through January 1, 2015. We expect that the most attractive maturities for the District will be in the two to four year maturities but ask for flexibility of authority to invest in any maturities up to five years, or January 1, 2015. The spreads over the corresponding Treasury Bond for each maturity will be the determinate factor in the purchase.

Repayment of principal and interest on all State of Illinois General Obligation Bonds is supported by requirement in the Illinois Bond Act that the Governor of the state include an appropriation in each annual

State Budget of monies sufficient to pay the interest and principal on all outstanding General Obligation Bonds of the state due in the budget period. Such payment is of the highest priority and the pledge of payment under the Bond Act is irrevocable as long as General Obligation Bonds remain outstanding.

Accordingly, authority is requested to invest up to \$100,000,000 of District funds in maturities of State of Illinois General Obligation Bonds, Taxable Series of January 2010, to mature on or before January 1, 2015.

Requested, Harold G. Downs, Treasurer, HGD:wms

Respectfully Submitted, Gloria Alitto Majewski, 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 January 7, 2010