



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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Title: Authorization to enter into agreements for contract 14-RFP-08, Bond Counsel, Underwriters' Counsel, and Other Legal Advisory Services Related to the District Financing Program, with Katten Muchin Rosenman LLP as Lead Bond Counsel and Special Tax Counsel, with Gonzalez, Saggio & Harlan, L.L.P., as Co-Bond Counsel, and Mayer Brown LLP as Disclosure Counsel in an amount not to exceed \$219,750.00, in connection with the sale of up to a total of \$300,000,000 of General Obligation Capital Improvement Bonds of the Metropolitan Water Reclamation District of Greater Chicago, Accounts 401-50000-767300 and 767400

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Date	Ver.	Action By	Action	Result
11/6/2014	1	Committee of the Whole	Recommended	Pass
11/6/2014	1	Board of Commissioners	Approved	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 6, 2014

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authorization to enter into agreements for contract 14-RFP-08, Bond Counsel, Underwriters' Counsel, and Other Legal Advisory Services Related to the District Financing Program, with Katten Muchin Rosenman LLP as Lead Bond Counsel and Special Tax Counsel, with Gonzalez, Saggio & Harlan, L.L.P., as Co-Bond Counsel, and Mayer Brown LLP as Disclosure Counsel in an amount not to exceed \$219,750.00, in connection with the sale of up to a total of \$300,000,000 of General Obligation Capital Improvement Bonds of the Metropolitan Water Reclamation District of Greater Chicago, Accounts 401-50000-767300 and 767400

Dear Sir:

The District intends to sell up to a total of \$300,000,000 of General Obligation Capital Improvement Bonds at its upcoming bond sale. This sale will include Limited and Unlimited Tax Series Bonds, in order to fund both TARP and non-TARP capital improvement projects, Alternate Revenue Series Bonds to fund capital improvement projects for the Stormwater Management program, and Limited Tax Series refunding bonds for savings in debt service cost.

The proposed sale requires the appointment of Co-Bond Counsel, Special Tax Counsel, and Disclosure Counsel for the District in order to effect delivery of the bonds. The proposed sale also requires the selection of Co-Underwriters' Counsel to provide counsel for the Underwriting Syndicate.

Co-Bond Counsel will provide an unqualified approving opinion as to the legality of the bonds and that

principal and interest are payable from ad valorem taxes to be levied on all taxable property within the boundaries of the District, sufficient to make such required payments. Special Tax Counsel will provide certain tax law analyses regarding the District's issuance of the bonds. Disclosure Counsel will consult with the District in compliance with all of its obligations in connection with the issuance of the bonds under applicable securities laws and tax laws for full disclosure of all material facts. Disclosure Counsel will provide a letter of assurance at closing to the effect that no facts have come to their attention, which lead them to believe that the official statement for the bonds contained as of its date or the date of closing, any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to customary exceptions.

The Request for Proposal 14-RFP-08 was advertised on January 8, 2014. One hundred-twenty (120) firms were notified, and forty-two (42) firms requested proposal documents. Twenty-two (22) acceptable proposals were received on February 14, 2014.

The RFP process was coordinated through the Director of Procurement and Materials Management. The evaluation committee which reviewed and evaluated the submitted RFP's consisted of staff from the Treasury, Law, and Procurement and Materials Management departments. Responses were evaluated according to the criteria defined in the RFP. Firms were ranked based on the numeric score calculated by the evaluation committee.

The committee reached a consensus that five proposers for bond counsel services met the technical qualifications portion of the RFP. These firms were interviewed by the committee and requested to submit their best and final offers. A final evaluation matrix, including the interview evaluations and the best and final offers, resulted in an over-all top ranking for Katten Muchin Rosenman LLP. Katten Muchin Rosenman LLP's top overall ranking for bond counsel was based on a composite evaluation score, which was calculated from the committee's individual evaluations for: understanding of the project, technical competence, approach to the work, financial stability, registration to practice law in the State of Illinois, the interview evaluations, and the cost of services. The underwriters' counsel is recommended based upon the top overall ranking for the technical qualifications score which was calculated from the committee's individual evaluations for: understanding of the project, technical competence, approach to the work, financial stability, and registration to practice law in the State of Illinois. The co-bond counsel and co-underwriters' counsel are recommended based upon the technical qualifications score and the District's participation goals for Minority-Owned (MBE) and Women-Owned (WBE) business enterprises as the cost proposal does not apply to co-bond counsel firms. Disclosure counsel is recommended based on the highest composite evaluation score which is comprised of their technical qualifications score and their best and final offer cost proposal score. A minimum of 30% of the work and services required by the RFP for each bond sale will be awarded to one or more MBE or WBE firm(s) for the list of candidates identified by the RFP process. The Affirmative Action Section has reviewed the proposed counsel appointments for this bond sale, and concluded that the group identified are in accordance with the District's Affirmative Action Policy.

Katten Muchin Rosenman LLP has extensive experience in preparing opinions as bond counsel and has served as bond counsel and tax counsel for the District in the past. Gonzalez, Saggio & Harlan, L.L.P., has previously served as bond counsel for issues of tax-exempt securities of many other government agencies and is a well experienced firm. Mayer Brown has significant experience representing a number of governmental issuers as Disclosure Counsel and will assist and advise the District on how to meet its SEC (Securities and Exchange Commission) and MSRB (Municipal Securities Rulemaking Board) disclosure requirements. Burke Burns and Pinelli, Ltd. and Pugh, Jones, & Johnson, P.C. have extensive experience in serving as co-underwriters' counsel, and have both served in this role for the District in the past.

From time to time, co-bond counsel represent in a variety of capacities investment bankers, financial advisors and other persons active in the Illinois public finance market on a wide range of issues. Co-bond counsel currently represent the Purchasers of the Bonds in other matters not related to this transaction. The

acceptance of the services of bond counsel and the execution of their engagement letters constitutes the District's consent to such other engagements with the Purchasers of the Bonds. Neither the representation of the District nor such additional relationships or prior consultations with potential Bond Purchasers will affect co-bond counsel's responsibility to render an objective Bond Opinion.

Authority is requested to appoint these firms in connection with the sale of up to \$300,000,000 General Obligation Capital Improvement Bonds. The size and structure of the bond 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 fee for Bond Counsel to the District is proposed to be stratified at sixty-five cents (\$0.65) per \$1,000 principal amount of bonds sold up to \$150,000,000, a fee not to exceed \$97,500.00, and twenty-five cents (\$0.25) per \$1,000 principal amount of bonds sold in excess of \$150,000,000, a fee not to exceed \$37,500.00 if the remaining \$150,000,000 principal amount of bonds are sold. The total fee therefore is not to exceed \$135,000.00, to be apportioned 70% to Lead Bond Counsel and 30% to Co-Bond Counsel.

The fees for services as Special Tax Counsel and Disclosure Counsel are proposed to be stratified as follows: for usual services - twelve cents (\$0.12) and twenty seven cents (\$0.27), respectively, per \$1,000 principal amount of bonds sold up to \$150,000,000, and eight cents (\$0.08) and three cents (\$0.03), respectively, per \$1,000 principal amount sold in excess of \$150,000,000. Fees for tax services for refunding and alternate revenue bonds are nineteen cents (\$0.19) and ten cents (\$0.10) per \$1,000 principal amount of bonds sold up to \$150,000,000. The maximum possible fees would then be \$39,250.00 to Special Tax Counsel and \$45,000.00 to Disclosure Counsel if the total amount of \$300,000,000 principal amount of bonds is issued. The fee for incidental out-of-pocket expenses incurred by District Bond Counsel is proposed to be an amount not to exceed \$500.00.

The fee for Underwriters' Counsel is proposed to be stratified at forty-nine cents (\$0.49) per \$1,000 principal amount of bonds sold up to \$150,000,000, a fee not to exceed \$73,500.00, and nineteen cents (\$0.19) per \$1,000 principal amount of bonds sold in excess of \$150,000,000, a fee not to exceed \$28,500.00 if the remaining \$150,000,000 principal amount of bonds are sold. The total fee therefore is not to exceed \$102,000.00, to be apportioned 70% to Lead Underwriter Counsel and 30% to Co-Underwriter Counsel. No agreement is executed between the Co-underwriters' Counsel and the District due to the fact they work directly for the Underwriting Syndicate, and are paid by the Lead Underwriter from the proceeds of the bond sale.

Accordingly, authority is requested to enter into an agreement with Katten Muchin Rosenman LLP as Lead Bond Counsel and Special Tax Counsel, with Gonzalez, Saggio & Harlan, L.L.P., as Co-Bond Counsel, for the District, and Mayer Brown LLP as Disclosure Counsel in an amount not to exceed \$219,750.00, to render the necessary opinions for the sale of General Obligation Capital Improvement Bonds per Section 11.4 of the Purchasing Act.

Funds will be paid from the bond sale proceeds Accounts 401-50000-767300 (\$184,500.00) and 401-50000-767400 (\$35,250.00). Fees as noted above will only be disbursed if and when the transaction is completed.

It is further requested that the Board of Commissioners authorize and direct the Chairperson of the Committee on Finance, the Clerk, the Director of Procurement and Materials Management, and the Executive Director to execute the professional services agreement on behalf of the District on account of the aforesaid services after the professional services agreements have been approved by the Treasurer as to technical matters and by the General Counsel as to form and legality.

Requested, Mary Ann Boyle, Treasurer, MAB:st

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for November 6, 2014