



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; Charity & Associates, P.C., as Co-Bond Counsel; Chapman and Cutler LLP as Lead Disclosure Counsel; and Sanchez Daniels & Hoffman LLP as Co-Disclosure Counsel, in a total amount not to exceed \$325,360.00, in connection with the sale of up to a total of \$500,000,000 of General Obligation Capital Improvement and Refunding Bonds of the Metropolitan Water Reclamation District of Greater Chicago, Accounts 401-50000-767300 and 767400 (As Revised)

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Date	Ver.	Action By	Action	Result
3/3/2016	1	Board of Commissioners	Approved	Pass
3/3/2016	1	Committee of the Whole	Recommended	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF MARCH 3, 2016

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; Charity & Associates, P.C., as Co-Bond Counsel; Chapman and Cutler LLP as Lead Disclosure Counsel; and Sanchez Daniels & Hoffman LLP as Co-Disclosure Counsel, in a total amount not to exceed \$325,360.00, in connection with the sale of up to a total of \$500,000,000 of General Obligation Capital Improvement and Refunding Bonds of the Metropolitan Water Reclamation District of Greater Chicago, Accounts 401-50000-767300 and 767400 (As Revised)

Dear Sir:

The District intends to sell up to a total of \$500,000,000 of General Obligation Capital Improvement and Refunding Bonds at its upcoming bond sale. This sale will include Limited and Unlimited Tax Series Bonds 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 and Unlimited Tax Series refunding bonds for savings in debt service cost. 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 proposed sale requires the appointment of Lead Bond Counsel, Co-Bond Counsel, Special Tax Counsel,

Lead Disclosure Counsel, and Co-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.

Lead Bond Counsel and 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. Lead 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. Co-Disclosure Counsel will provide a letter of assurance that the official statement for the bonds does not contain any untrue statement of a material fact, or omit to state a material fact, which could cause the official statement to be misleading.

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 by 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 RFPs consisted of staff from the Treasury, Law, and Procurement and Materials Management Departments. Responses were evaluated according to the criteria defined in the RFP, including the firm's understanding of the project, technical competence, approach to the work, financial stability, and registration to practice law in the State of Illinois. Firms were ranked based on the technical score calculated by this evaluation.

The committee reached a consensus that five proposers met the technical qualifications portion of the RFP for bond and tax counsel services, which would be awarded to the same firm. These five firms were interviewed by the committee and requested to submit their best and final offers on cost. The composite evaluation rankings for bond and tax counsel were based on each firm's technical score, interview score, and best and final offer for cost of services. Katten Muchin Rosenman LLP was highest-ranked overall by this composite evaluation and is recommended to act as Bond Counsel and Special Tax Counsel for the 2016 bond sale.

Disclosure counsel is recommended from firms remaining on the eligible list based upon the highest composite evaluation score, which is comprised of their technical score and their best and final offer cost proposal. Chapman and Cutler LLP is recommended to act as Disclosure Counsel for the 2016 bond sale.

Underwriters' counsel is recommended from firms remaining on the eligible list based upon the highest overall ranking for the technical score. Kutak Rock LLP is recommended to act as Underwriters' Counsel for the 2016 bond sale.

The co-bond counsel, co-disclosure counsel, and co-underwriters' counsel are recommended from firms remaining on the eligible list based upon their technical score and the District's participation goals for Minority-Owned (MBE) and Women-Owned (WBE) business enterprises; the cost proposal does not apply to these firms. Charity & Associates P.C. is recommended to act as Co-Bond Counsel; Sanchez Daniels & Hoffman LLP is recommended to act as Co-Disclosure Counsel; and Green and Letts is recommended to act as Co-Underwriters' Counsel for the 2016 bond sale.

A minimum of 30% of the work and services (excluding Special Tax Counsel) required by the RFP for each bond sale will be awarded to one or more MBE or WBE firm(s) from 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 is in accordance with the District's Affirmative Action Policy.

From time to time, bond counsel firms 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. Bond counsels currently represent the Purchasers of the Bonds in other matters not related to this transaction. The acceptance of the services of Lead Bond Counsel and Co-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.

The fee for services as Bond Counsel is proposed to be stratified at forty-five cents (\$0.45) per \$1,000 principal amount of bonds sold up to \$300,000,000, a fee not to exceed \$135,000.00, and fifteen cents (\$0.15) per \$1,000 principal amount of bonds sold in excess of \$300,000,000, a fee not to exceed \$30,000.00. The total fee therefore is not to exceed \$165,000.00, to be apportioned 70% to Lead Bond Counsel and 30% to Co-Bond Counsel. 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 fees for services as Special Tax Counsel are proposed to be stratified as follows: For usual services - fourteen cents (\$0.14) per \$1,000 principal amount of bonds sold up to \$300,000,000, a fee not to exceed \$7,560. Fees for tax services for refunding and alternate revenue bonds are fifteen cents (\$0.15) per \$1,000 principal amount of bonds sold up to \$300,000,000, a fee not to exceed \$45,000.00, and five cents (\$0.05) per \$1,000 principal amount of bonds sold in excess of \$300,000,000, a fee not to exceed \$7,300.00. The maximum possible fees would then be \$59,860.00 to Special Tax Counsel.

The fee for services as Disclosure Counsel is proposed to be stratified at twenty-eight cents (\$0.28) per \$1,000 principal amount of bonds sold up to \$300,000,000, a fee not to exceed \$84,000.00, and eight cents (\$0.08) per \$1,000 principal amount sold in excess of \$300,000,000, a fee not to exceed \$16,000.00. The total fee therefore is not to exceed \$100,000.00, to be apportioned 70% to Lead Disclosure Counsel and 30% to Co-Disclosure Counsel.

The fee for services as Underwriters' Counsel is proposed to be stratified at thirty-four cents (\$0.34) per \$1,000 principal amount of bonds sold up to \$300,000,000, a fee not to exceed \$102,000.00, and eleven cents (\$0.11) per \$1,000 principal amount of bonds sold in excess of \$300,000,000, a fee not to exceed \$22,000.00. The total fee therefore is not to exceed \$124,000.00, to be apportioned 70% to Lead Underwriter Counsel and 30% to Co-Underwriter Counsel. No agreement is executed between the Underwriters' Counsel and the District due to the fact that they work directly for the underwriting syndicate and are paid by the Senior Managing Underwriter from the proceeds of the bond sale.

Accordingly, authority is requested to enter into agreements with Katten Muchin Rosenman LLP as Lead Bond Counsel and Special Tax Counsel; Charity & Associates, P.C., as Co-Bond Counsel; Chapman and Cutler LLP as Lead Disclosure Counsel; and Sanchez Daniels & Hoffman LLP as Co-Disclosure Counsel, in a total amount not to exceed \$325,360.00 to render the necessary opinions for the sale of General Obligation Capital Improvement and Refunding Bonds, per Section 11.4 of the Purchasing Act. Funds will be paid from the bond sale proceeds Accounts 401-50000-767300 (\$65,815.00) and 401-50000-767400 (\$259,545.00). 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 Treasurer, the Executive Director, the Director of Procurement and Materials Management, and the Clerk 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 March 3, 2016