



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 execute agreements with Chapman and Cutler LLP as Lead Bond Counsel, Special Tax Counsel, and Disclosure Counsel, and with Gonzalez, Saggio & Harlan, L.L.P., as Co-Bond Counsel, in an amount not to exceed \$359,000.00, in connection with the sale of up to a total of \$500,000,000.00 of General Obligation Capital Improvement Bonds, Limited Tax Series of 2010, of the Metropolitan Water Reclamation District of Greater Chicago

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Date	Ver.	Action By	Action	Result
10/21/2010	1	Committee of the Whole	Recommended	Pass
10/21/2010	1	Board of Commissioners	Approved	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF OCTOBER 21, 2010

COMMITTEE ON FINANCE

Mr. Richard Lanyon, Executive Director

Authority to execute agreements with Chapman and Cutler LLP as Lead Bond Counsel, Special Tax Counsel, and Disclosure Counsel, and with Gonzalez, Saggio & Harlan, L.L.P., as Co-Bond Counsel, in an amount not to exceed \$359,000.00, in connection with the sale of up to a total of \$500,000,000.00 of General Obligation Capital Improvement Bonds, Limited Tax Series of 2010, of the Metropolitan Water Reclamation District of Greater Chicago

Dear Sir:

The District intends to sell up to a total of \$500,000,000 of General Obligation Capital Improvement Bonds, Limited Tax Series of 2010, in order to fund capital projects initiated after the effective date of the Property Tax Extension Limitation Law (requiring the utilization of the "limited tax" bonds). 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.

Chapman and Cutler LLP and Gonzalez, Saggio & Harlan, L.L.P., (collectively, "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 has and will provide certain tax law analyses regarding the District issuance of these bonds as taxable bonds. Disclosure Counsel will assist the District in compliance with all of its obligations as issuer of the bonds under existing securities laws and tax laws for full disclosure of all material facts. An additional opinion will be issued at closing that the disclosure documents as issued are not believed to contain any untrue statement or omit to state a material fact that would make the

information misleading.

Chapman and Cutler LLP has prepared many opinions as Bond Counsel for the District in the past and will also serve as Special Tax Counsel and Disclosure Counsel for this issue. 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.

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.

Due to the nature of the professional services required, the matter is not subject to competitive bidding pursuant to Section 11.4 of the Purchasing Act.

The bonds will be either tax-exempt, as have been prior District bonds, or will be "Qualified Build America Bonds" pursuant to the Federal Stimulus Act, and regular taxable bonds. Additional tax analysis has been and will be required to determine the most cost-effective financing for the District, and it is requested that Special Tax Counsel be retained to advise as to this decision and as to related issues, such as post-issuance tax compliance. By its substance, a Limited Bond Sale requires additional effort by legal counsel to assure that all legal requirements and representations are met and are true, respectively. The fee for Bond Counsel to the District for the Limited Tax Bonds is proposed to be stratified at sixty cents (\$0.60) per \$1,000 par amount of bonds sold up to \$300 million, a fee not to exceed \$180,000.00, and forty-five cents (\$0.45) per \$1,000 par amount of bonds sold in excess of \$300 million, a fee not to exceed \$90,000.00, if the remaining \$200 million par value bonds are sold. The total fee therefore is not to exceed \$270,000.00, 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 at twelve cents (\$0.12) and eight cents (\$0.08), respectively, per \$1,000 par amount of bonds sold up to \$300 million, and eight cents (\$0.08) and four cents (\$0.04), respectively, per \$1,000 par amount sold in excess of \$300 million. The maximum possible fees would then be \$52,000.00 to Special Tax Counsel and \$32,000.00 to Disclosure Counsel if the total amount of \$500 million par value 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 \$5,000.00.

Accordingly, authority is requested to enter into an agreement with Chapman and Cutler LLP as Lead Bond Counsel, Special Tax Counsel, and Disclosure Counsel, and with Gonzalez, Saggio & Harlan, L.L.P., as Co-Bond Counsel, for the District, in an amount not to exceed \$359,000.00, to render the necessary opinions for the sale of General Obligation Capital Improvement Bonds, Limited Tax Series of 2010. 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 Purchasing Agent, 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, Harold G. Downs, Treasurer, HGD:wns

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 October 21, 2010