

TRANSMITTAL LETTER FOR BOARD MEETING OF OCTOBER 2, 2014

COMMITTEE ON FINANCE

Mr. David St. Pierre, Executive Director

..Title

Ordinance O14-006 An ORDINANCE authorizing the issuance of not to exceed \$200,000,000 General Obligation Bonds(Alternate Revenue Source) of the Metropolitan Water Reclamation District of Greater Chicago for the purpose of providing funds for stormwater management projects

..Body

Dear Sir:

Attached is an ordinance being presented to the Board today relating to the District's anticipated issuance of General Obligation Bonds(Alternate Revenue Source) totaling \$200,000,000. This Ordinance O14-006 authorizes the issuance of bonds for the purpose of providing funds for stormwater management capital projects. This will be the first issuance of alternate revenue bonds for the District. The authorization to issue such bonds is pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended(30 ILCS 350/15). A benefit of issuing such bonds is the ability to pay for borrowing costs related to stormwater capital projects using the stormwater management property tax levy. The \$200,000,000 bonding authorization is expected to be utilized over the next three years to provide funds required for stormwater management projects and purposes, including, without limitation, the development, design, planning and construction of regional and local stormwater facilities provided for in the countywide stormwater management plan, and the acquisition of real property in furtherance of its regional and local stormwater management activities.

The Board anticipated that bond funding would be required to complete its countywide stormwater management plan, and the source for this funding would be the stormwater property tax levy. A policy was adopted by the Board on December 10, 2009 and amended on November 3, 2011 that establishes the maximum portion of the stormwater tax levy that may be allocated to fund direct cash outflows for capital and the interest and redemption of general obligation bond issues for capital projects. The maximum property tax levy related to stormwater capital needs is defined as three of the five cents per \$100 of Equalized Assessed Valuation or 60% of the maximum stormwater management property tax levy.

One legal requirement for the issuance of Alternate Bonds is the completion of a "backdoor referendum." A backdoor referendum is a petition process whereby a portion of the registered voters residing in the District could circulate and file petitions requesting that the question of the issuance of the Alternate Bonds be submitted to the voters of the District for approval at a regular election. The first step in the process is for the Board to adopt this "authorizing ordinance" which describes the intention to issue the Alternate Bonds, the maximum dollar amount, the proposed projects to be financed, the pledged revenue source to pay the bonds and the petition process. After the authorizing ordinance is adopted it will be published in the newspaper along with a notice which tells the voters that they have 30 days to file petitions signed by not less than 7.5% of the number of registered voters in the District, such petitions to request a direct referendum on the question of issuing the Alternate Bonds. If petitions are not filed in that 30-day period, or if an insufficient number of petitions is filed within the period, then the District is authorized to proceed with the issuance of the Alternate Bonds. The Board will be

asked to adopt another ordinance after the backdoor referendum process which provides for the issuance of the Alternate Bonds and sets for the terms and details of the Alternate Bonds.

The second legal requirement is a public hearing pursuant to the Bond Issue Notification Act. The District held a public hearing on October 2, 2014 stating its intention to issue not to exceed \$200,000,000 of General Obligation Bonds(Alternate Revenue Source).

The authority to sell the Bonds shall expire three (3) years after the end of the 30-day petition period for bonds sold to the public and five (5) years after the end of the 30-day petition period for bonds issued to evidence State Revolving Fund loan obligations. Ordinances to issue the bonds will be brought to the Board in the future as stormwater project funding needs arise. It is anticipated that a request to issue approximately \$100 million of alternate revenue bonds to fund stormwater projects will be brought to the Board for approval this year as part of the ordinances to provide for the issuance of bonds.

It is recommended that Ordinance O14-006 ORDINANCE authorizing the issuance of not to exceed \$200,000,000 General Obligation Bonds(Alternate Revenue Source) of the Metropolitan Water Reclamation District of Greater Chicago for the purpose of providing funds for stormwater management projects be adopted by the Board of Commissioners.

Requested, Mary Ann Boyle, Treasurer, MAB:st
Respectfully Submitted, Mariyana T. Spyropoulos, 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 2, 2014

Attachment