

TRANSMITTAL LETTER FOR BOARD MEETING OF JULY 9, 2009

COMMITTEE ON FINANCE

Mr. Richard Lanyon, Executive Director

..Title

Ordinance O09-009 An Ordinance authorizing the issuance of not to exceed \$300,000,000 Taxable General Obligation Refunding Bonds, Series of 2009, of the Metropolitan Water Reclamation District of Greater Chicago, County of Cook, State of Illinois, in one or more series, limited tax or unlimited tax, or both, the execution of bond orders in connection therewith, providing details and manner of the refunding of bonds, and providing for the security for and payment of bonds from taxes

..Body

Dear Sir:

Ordinance O09-009 provides for the issuance of not to exceed \$300,000,000 Taxable General Obligation Refunding Bonds of the Metropolitan Water Reclamation District of Greater Chicago, to be issued in one or more series, limited tax or unlimited tax, or both, the execution of bond orders in connection therewith, providing details and manner of the refunding of bonds, and providing for the security for and payment of bonds from taxes. The bonds will be issued as taxable bonds pursuant to the provisions of the American Recovery and Reinvestment Act of 2009, which permits the bondholders to obtain certain tax credit advantages from this issue when issued as certain taxable obligations, referred to as "Build America Bonds."

The Ordinance sets the legal parameters for issuance of the bonds and provides for various necessary details relative to the bonds, including the required authority to levy and collect the direct annual taxes for payment of bond principal and interest as due and designates authority to the Treasurer and the Chairman of the Committee on Finance and any other officers of the District as shall be appropriate to sign binding bond purchase agreements with the Underwriters on behalf of the District on the dates of sale. Such authority permits the sales to be completed in the shortest possible time in order to protect the established market and bind the sales to the structure and rates approved as most advantageous. The action of the authorized District signatories in signing the bond purchase agreements will be presented to the Board as an information item (not for approval or rejection) at its next regular meeting following each sale date.

The refunding transaction will be what is termed a "Current Refunding" and will not require escrow funds nor an escrow agent. It will involve the repurchase of currently outstanding bonds using what will be taxable Build America Bonds offering the investor tax credit as incentive. Bonds to be issued may mature not later than December 1, 2036; the maximum interest rate is specified at 13% if the bonds are taxable qualified Build America Bonds; the bonds may be subject to optional redemption at not more than 105%, or a "make whole" formula as described in the Ordinance; compensation to the purchasers is not to exceed 1.00% of the aggregate initial reoffering price; net present value savings to the District may not be less than 3% of the principal amount of the prior Fixed Rate Bonds refunded.

The Ordinance also provides authorization for the Treasurer to publish and distribute the Official Statement relative to the bond issue since such authority is referred to in the Official Statement document.

It is recommended that the Board of Commissioners adopt Ordinance O09-009 authorizing the issuance of not to exceed \$300,000,000 Taxable General Obligation Refunding Bonds, Series of 2009, of the Metropolitan Water Reclamation District of Greater Chicago, County of Cook, State of Illinois, in one or more series, limited tax or unlimited tax, or both, the execution of bond orders in connection

therewith, providing details and manner of the refunding of bonds, and providing for the security for and payment of bonds from taxes, on the above and foregoing terms.

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 July 9, 2009