TRANSMITTAL LETTER FOR BOARD MEETING OF AUGUST 13, 2026

COMMITTEE ON FINANCE

Mr. John P. Murray, Executive Director

..Title
Adopt Ordinance O26-006 An Ordinance Authorizing and Providing For the Issuance of Not to Exceed $42,500,000 General Obligation Unlimited Tax Refunding Bonds (Alternate Revenue Source) of the Metropolitan Water Reclamation District of Greater Chicago
..Body

Dear Sir:

Six ordinances are being presented to the Board today relating to the District's anticipated General Obligation Capital Improvement Bonds issuance. Authority is requested to issue new money and refunding bonds in the capital market along with bonds evidenced by loans from the Illinois Environmental Protection Agency (IEPA). The aggregate principal amount of bonds of the District to be sold in the capital market pursuant to Ordinance numbers O26-002, O26-003, O26-004, O26-005, and O26-006 shall not exceed $475,000,000; the size and structure of this sale will be determined with the assistance of underwriters and financial advisors based upon several factors such as the market interest rates, investor cash positions, supply of bonds for sale, and liquidity of the market. The principal amount of bonds evidenced by loans from the IEPA pursuant to Ordinance number O26-007 shall not exceed $350,000,000.

The attached Ordinance provides for the issuance of up to $42,500,000 general obligation unlimited tax refunding bonds (alternate revenue source). The bonds eligible for current refunding are the General Obligation Unlimited Tax Refunding Bonds, 2016 Series E (Alternate Revenue Source), in the amount of $45,155,000. The purpose of the refunding is to reduce future debt service costs and generate net present value savings based upon current market conditions. The sum of $42,500,000, any premium derived from the sale of the 2026 Bonds, and any lawfully available funds on hand not to exceed $15,000,000 is appropriated to meet part of the costs of refunding the prior bonds, including the costs of issuance of the 2026 Bonds, and any municipal bond insurance premium with respect to the 2026 Bonds. The authority to sell the Bonds expires on February 26, 2027; this expiration period has been proposed to allow for flexibility in issue size and the ability to adapt to changing conditions in the bond market.

The Ordinance sets the legal parameters for issuance of the bonds and provides the 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. The Ordinance also authorizes the District's Treasurer and any one Elective Officer to sign on behalf of the District a binding bond purchase agreement with the underwriters and a related "Bond Order" on the date of sale; this allows the sale to be completed in a prompt and timely manner when conditions in the bond market are most favorable to the District.

The Ordinance also sets the purchase price at not less than 97% of the original principal amount; compensation to the purchasers is not to exceed eighty cents ($0.80) per $1,000 principal amount of bonds sold (excluding syndicate expenses and underwriter counsel fees); the bonds may be subject to optional redemption at not more than 103%; maximum interest rate is 6.00% per annum; and the bonds may mature not later than December 1, 2045.

It is recommended that "Ordinance O26-006 An Ordinance Authorizing and Providing For the Issuance of Not to Exceed $42,500,000 General Obligation Limited Tax Refunding Bonds of the Metropolitan Water Reclamation District of Greater Chicago" be adopted by the Board of Commissioners.

Requested, Steven J. Lux, Treasurer, SJL:WNS:vb
Respectfully Submitted, Marcelino Garcia, 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 August 13, 2026

Attachment