

## **TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 21, 2024**

### COMMITTEE ON FINANCE

Mr. Brian A. Perkovich, Executive Director

..Title

Adopt Ordinance O24-019 An Ordinance Authorizing and Providing for the Issuance of Not to Exceed \$37,000,000 General Obligation Unlimited Tax Refunding Bonds (Alternate Revenue Source) of the Metropolitan Water Reclamation District of Greater Chicago

..Body

Dear Sir:

Attached is the fifth of five ordinances being presented to the Board today relating to the District's anticipated General Obligation Capital Improvement Bonds issuance. The aggregate principal amount of bonds of the District to be sold in the capital market pursuant to Ordinance numbers O24-015, O24-016, O24-017, O24-018, and O24-019 shall not exceed \$500,000,000.

This ordinance is part of the total request for authority to access the market to issue up to \$325,000,000 in new money bonds to fund capital improvement projects, and up to \$175,000,000 in refunding bonds, dependent upon market conditions. Specifically, this Ordinance authorizes the issuance of up to \$37,000,000 general obligation unlimited tax refunding bonds (alternate revenue source), while companion ordinances authorize the remaining \$138,000,000 in refunding bonds. 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 authority to sell the Bonds expires on February 28, 2025; 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.

This Ordinance O24-019 authorizes the sale of not to exceed \$37,000,000 general obligation unlimited tax refunding bonds (Alternate Revenue Source) to pay the purchase price of any of the District's outstanding General Obligation Unlimited Tax Bonds (Alternate Revenue Source), Series F of December 2021, voluntarily tendered by the owners thereof and accepted by the District. The purpose of the tender offer is to achieve debt savings; therefore, the District only intends to pursue this plan of finance if it generates positive net present value debt service savings. The amount of savings is dependent on bondholder response to the tender offer.

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 dealer manager agreement with the dealer manager (in connection with the tender), a 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 purchase price is set at not less than 97% of the original principal amount; compensation to the purchasers is not to exceed fifty cents (\$0.50) 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; the bonds may mature not later than December 1, 2041; and the tender process must generate positive net present value debt service savings.

It is recommended that "Ordinance O24-019 Authorizing and Providing for the Issuance of Not to Exceed \$37,000,000 General Obligation Unlimited Tax Refunding Bonds (Alternate Revenue Source) of the Metropolitan Water Reclamation District of Greater Chicago" be adopted by the Board of Commissioners.

Requested, Steven J. Lux, Treasurer, SJL: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 November 21, 2024