



Metropolitan Water Reclamation District of Greater Chicago

# Press Release

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## Sustainable investments guide the MWRD's fiscal stability



*MWRD Treasurer Mary Ann Boyle and Chairman of Finance Frank Avila.*



*Commissioner DuBuclet at the lectern in the MWRD Board room.*

An updated investment policy approved by the Metropolitan Water Reclamation District of Greater Chicago (MWRD) Board of Commissioners calls for sustainability factors to be regularly considered when the MWRD is evaluating investments.

The revised policy commits the MWRD to consider environmental, social, governance/leadership (ESG), human capital, and business model/innovation factors in addition to financial factors when evaluating investments that bolster the MWRD's finances for construction, operating funds, and debt service funds. While the MWRD continues to protect public funds against risk, ensure liquidity and maximize yield through stringent assessment and benchmarking practices, new sustainability factors will now be incorporated into this process going forward. The MWRD's Treasury Department made these recommendations based on research showing that companies that score higher on ESG factors tend to have stronger fundamentals that mitigate financial risk, putting those companies in a better position for long-term stability and profitability.

"We are backing up our commitment to the environment by also making investments in companies that place value in sustainable business practices," said MWRD Commissioner Frank Avila. "This prudent financial management can protect taxpayers while also helping to protect our environment for future generations."

Under the revised investment policy, the MWRD will regularly consider both sustainability and financial factors in its investment plans and decisions to improve risk-adjusted return and encourage sustainable practices among issuers.

Sustainability factors include environmental factors, such as greenhouse gas emissions, resource management, waste and hazardous materials management, and other ecological impacts. Social capital factors include human rights, customer privacy, data security, and community relations. Corporate governance and leadership factors include risk management, regulatory and legal compliance, organizational leadership, employment practices, shareholder rights, and ethical conduct. Human capital factors, *(continued)*

## Sustainable investments guide the MWRD's fiscal stability, *cont.*

such as fair labor practices, responsible contractor and bidder policies, employee health and safety, and diversity and inclusion will also be considered. In addition, the MWRD's investment planning will consider business model and innovation factors that reflect an ability to plan and forecast opportunities and risks, such as strategic business planning, supply chain management, and practices that address the physical impacts of climate change.

Recent investments made by the MWRD have been extremely beneficial. In 2020, \$20 million of accumulated interest income will be transferred into the MWRD's Retirement Fund, illustrating the MWRD's commitment to stable pension reserves. The MWRD maintains a AAA bond rating from Fitch Ratings and a AA+ bond rating from Standard & Poor's.

"I applaud the District for taking a proactive approach to incorporate sustainable investing strategies into our overall investment policy," said MWRD Commissioner Kim DuBuclet. "We must continue to serve as leaders in the public sector with our investment strategies where we can leverage our capital for long-term environmental benefits that impact our environment and the residents we serve."

The MWRD continues to pride itself on maintaining strong finances, while providing an essential service to homes and businesses throughout Cook County at an affordable cost. The MWRD's 2020 budget is \$1.15 billion, which is a 5.7 percent reduction from



*The MWRD's Lockport Powerhouse is expected to undergo \$10 million in upgrades in 2020, thanks to the strong finances of the MWRD that were made possible by a responsible investment policy that will now consider sustainability factors. An example of sustainability, the Powerhouse generates approximately 40 million kilowatt hours of electrical energy annually, generating \$1.2 million in revenue for the MWRD.*

the 2019 adjusted budget of \$1.22 billion, a savings of more than \$70.3 million. The MWRD serves 10 million people each day, treating an average of 1.4 billion gallons of wastewater every 24 hours at seven water reclamation plants. The MWRD also serves as the regional authority for stormwater management for Cook County, controls 76.1 miles of navigable waterways, owns and operates 34 stormwater detention reservoirs to provide regional flood protection, and manages the Tunnel and Reservoir Plan, which includes 109 miles of tunnels and three major reservoirs to protect area waterways from pollution and mitigate flooding in communities served by combined sewer systems across 375 square miles.

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### ***Recovering Resources, Transforming Water***

*Established in 1889, the MWRD ([www.mwr.org](http://www.mwr.org)) is an award winning, special purpose government agency responsible for wastewater treatment and stormwater management in Cook County, Illinois.*