



Metropolitan Water Reclamation District *of* Greater Chicago

Press Release

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Statement from the MWRD regarding Moody's rating action

The Metropolitan Water Reclamation District of Greater Chicago (MWRD) is the agency responsible for wastewater treatment and stormwater management for over five million people in the city of Chicago and 128 municipalities in Cook County. The MWRD was informed today by Moody's Investors Service (Moody's) that the rating on its outstanding General Obligation debt was downgraded one notch to Aa2 from Aa1 with a revision in its outlook to stable from negative.

Moody's assigns its Aaa rating for obligations judged to be of the highest quality and subject to the lowest level of risk. The Aa2 rating is at the mid-range of the Aa rating category and is assigned for obligations judged to be of high quality and are subject to very low credit risk.

The primary reason for the downgrade is the pressure on the MWRD's tax base due to the significant debt burden and pension liabilities for major governmental agencies in Cook County. The outlook was revised to stable from negative reflecting the MWRD's successful implementation of its pension reform in 2013. Moody's stated that the stable outlook is a distinguishing rating factor in the region, and that the MWRD is positioned to maintain this rating.

"It's a shame when you fulfill every item on the scorecard in terms of financial health and yet we're still downgraded," said MWRD Executive Director David St. Pierre. "I hope at some point Moody's decides to recognize the financial stability of this organization like the other two rating agencies

based on objective financial indicators rather than a subjective analysis."

Despite the downgrade, there were significant achievements noted in the Moody's report, including the MWRD's success in working with the Illinois General Assembly to solve its pension funding challenges. Public Act 97-0894 was signed into law on August 3, 2012, and this fiscally sustainable solution was implemented with no increase to the tax levy. Moody's also noted that the MWRD has a proactive management team utilizing best practices and strong financial operations with healthy reserve and cash levels.

The MWRD entered fiscal 2015 in an even stronger financial position since Moody's last review in 2013 and disagrees with its decision to downgrade. In recent history, the MWRD has acted responsibly and proactively to address significant costs and strengthen its financial foundation in order to maintain its low cost to provide wastewater treatment and stormwater management services for years to come.

"We are proud of the work we have done on behalf of Cook County taxpayers to streamline our operations while adapting to recent economic conditions," said MWRD Treasurer Mary Ann Boyle. "The District has maintained our AAA rating with Standard and Poor's since 2006 and Fitch Ratings since 2001. It is important that we continue to focus on maintaining sound financial operations, a manageable debt load, and prudent fiscal control of our resources."