



Metropolitan Water Reclamation District of Greater Chicago

# Press Release

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## MWRD bond sale reaps \$120M savings in debt service over time

The Metropolitan Water Reclamation District of Greater Chicago (MWRD) held its first bond sale since 2014 on June 6 and achieved savings in excess of \$120 million on future debt service. Interest rates in the municipal market were at 51 year lows, with borrowing costs at the lowest interest rates since 1965. The highest interest rate on the bonds for the 30 year maturity was a rate of 2.89% compared to the MWRD's previous low rate of 3.28% in the 2014 bond sale.

"The sale is a huge success for taxpayers," said MWRD President Mariyana Spyropoulos. "Obtaining the lowest interest cost possible for the District's financing program is an important component of the District's financial stability."

The underwriting syndicate recommended a retail order period for Monday, June 6, with the institutional sale on Tuesday. There was strong demand for the MWRD's bonds from retail investors with over \$160 million in orders placed, or almost a third of the total. Given this strong demand, Bank of America Merrill Lynch advised the MWRD to accelerate the institutional sale to Monday afternoon, avoiding the record setting volume of bonds being sold in the market Tuesday and avoiding any weakening of the municipal market interest rates due to the uncertainty about the Federal Reserve's timing of increasing interest rates. Interest rates fell last Friday after the disappointing May jobs report was released to the market.

New investors placed orders for the sale. "It is always exciting to have new investors because they help keep the interest rate low on the bonds," said MWRD Chairman of Finance Frank Avila. "We discussed the District's pension funding status and our strong cash reserve amounts

with potential investors. We have a positive story to tell and this showed in the results."

"Investors showed confidence in the District's ability to meet its pension obligation based upon our track record, they understand the essential service the District provides, our low cost structure, and the fact we are an independent unit of government and perpetual entity that will not be going out of business," said President Spyropoulos. "The Green Bond designation was not as popular as the last sale, mainly because only 25% of the bonds carried the designation. The other 75% of the bonds were refunding bonds that did not carry the Green Bond designation."

The MWRD will close on the bond sale July 7, 2016. At that time the prior bonds will be refinanced and proceeds from the new money bond issuance will be deposited in the MWRD's bank account. A report summarizing the sale will be posted on the MWRD website after the sale is closed.

As reported in the Bloomberg News on June 7, "(The MWRD is) a strong name," said Dennis Derby, an analyst and portfolio manager at Wells Fargo Asset Management, which holds about \$39 billion in assets, including the district's debt. "It's an essential service. If you look at the amount of liquidity that the board has, it paints a fairly strong picture for them."

The MWRD maintains a AAA rating with Fitch Ratings and has a AA+ rating from Standard and Poors.

A link to the Bloomberg News article can be found here: <http://www.bloomberg.com/news/articles/2016-06-06/chicago-water-district-sells-bonds-as-pensions-cost-it-aaa-grade>

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