



Metropolitan Water Reclamation District of Greater Chicago

Press Release

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Fitch reaffirms MWRD's AAA credit rating, stable financial outlook; Moody upgrades rating to Aa1

A report from Fitch Ratings has again affirmed the Metropolitan Water Reclamation District of Greater Chicago's (MWRD's) AAA credit rating for responsible financial stewardship as it works to protect the regional water environment.

The Aug. 4 report from Fitch highlighted the MWRD's reliable revenue stream, lower operating cost burdens and improvements in debt structuring to fund capital projects and meet the MWRD's pension and retirement obligations.

"We were proud to learn of another AAA rating from Fitch Ratings, as it reinforces our commitment to our taxpayers and our prudent management to put these precious tax dollars to work to protect our water environment," said MWRD President Kari K. Steele. "Without this strong fiscal management in place, we could not serve 5.19 million residents living across Chicago and 128 communities."

Within days of the Fitch report, Moody's Investor Services announced it had upgraded the MWRD's credit rating to Aa1.

The strong credit ratings align with the MWRD's five-year Strategic Plan goals outlined in its enterprise resilience initiatives to maintain strong fiscal management. The MWRD is prioritizing its efforts to improve the funded ratio of its pension plan. In March of 2022 and 2023, the MWRD made special employer contributions of \$30 million each to the Retirement Fund from budgetary reserves. An additional \$30 million special employer contribution is planned to be included in the 2024 Budget. Additional funding will continue to be reviewed



Rowers and other visitors take to the South Branch of the Chicago River. The improved quality of Chicago area waterways would not be possible without strong finances established by the MWRD.

on an annual basis within the budget process. The 2023 budget also continues to fund \$5 million annually to the OPEB (Other Post-Employment Benefits) Trust Fund, which is projected to be fully funded by 2026 to ensure retiree benefits. As of Dec. 31, 2022, the Retirement Fund's funded ratio was 57.8 percent, and the OPEB Trust's funded ratio was 75.0 percent.

The AAA rating aligns with the MWRD's five-year Strategic Plan goals outlined in its enterprise resilience initiatives to maintain strong fiscal management. As part of the Strategic Plan goals, the MWRD is prioritizing its efforts to improve the funded ratio of its pension plan. In March of 2022 and 2023, the MWRD made special employer contributions of \$30 million each to the Retirement Fund from budgetary reserves. An additional \$30 million special employer contribution is planned to be included in the 2024 Budget. Additional funding will continue to be reviewed on an annual basis within the budget process. The 2023 *(continued)*

Fitch reaffirms MWRD's AAA credit rating, *cont.*

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Operating on a \$1.4 billion budget in 2023, the MWRD works to transform the region's wastewater into clean water, protect the quality of local waterways and the source of drinking water in Lake Michigan, manage stormwater and mitigate flooding throughout Cook County. The MWRD owns and operates seven water reclamation plants and 560 miles of intercepting sewer. In its role to manage stormwater, the MWRD has developed more than 200 projects that have the potential to protect more than 17,000 structures. Meanwhile, the MWRD is also expanding its massive Tunnel and Reservoir Plan (TARP) that includes 110 miles of deep tunnel and three massive reservoirs that will hold 17.5 billion gallons of combined sewage.

The MWRD's operations are funded primarily by property taxes, which Fitch credits for insulating

the MWRD from the volatility associated with economic and volumetric changes.

"Our reliable tax base affords us the opportunity to continue our mission and protect our quality of life in the Chicago region," said MWRD Chairman of Finance Marcelino Garcia. "The AAA credit rating from Fitch bolsters our important work and gives us the opportunity to finance major projects that improve our environment for generations to come."

Earlier this year, the Government Finance Officers Association of the United States and Canada (GFOA) recognized the MWRD for its record of transparent and responsible financial reporting. The GFOA honored the MWRD with a Certificate of Achievement for Excellence in Financial Reporting for the 47th consecutive year, placing the utility in the top two percent of governments receiving a consecutive award. In addition, the GFOA honored the MWRD with the Distinguished Budget Presentation Award for the 2022 Budget, and Certificates of Achievement for Excellence in Financial Reporting for the MWRD Retirement Fund and the MWRD Retiree Health Care Trust for the Fiscal Year 2021 Annual Comprehensive Financial Reports.

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Recovering Resources, Transforming Water

Established in 1889, the Metropolitan Water Reclamation District of Greater Chicago (MWRD) is an award-winning, special purpose government agency responsible for wastewater treatment and stormwater management in Cook County, Illinois. Learn more at mwrld.org.