



COMMISSION FILE NO: 24-136-10 **DATE INTRODUCED:** October 14, 2024

INTRODUCED BY: Executive Director (Signature on File in the Office of the Commission)

REFERRED BY COMMISSION CHAIRPERSON TO: Policy, Finance, and Personnel Committee

RELATING TO: Initial Resolution Authorizing the Sale and Issuance of Not to Exceed \$96,000,000 General Obligation Bonds and/or General Obligation Promissory Notes, and Certain Related Details

SUMMARY:

The Commission is requested to authorize the sale and issuance of general obligation bonds and/or general obligation promissory notes, in one or more series, in an aggregate principal amount not to exceed \$96,000,000 to be sold by competitive sale for the purpose of financing a portion of the Milwaukee Metropolitan Sewerage District’s Capital Budget for the years 2024, 2025, and 2026.

The authorization provides for all acts necessary to issue the bonds or notes, including the payment of fees for the service of the financial advisor, bond counsel, and rating agencies and printing costs. Bond counsel services currently are provided by Foley & Lardner, LLP, and MWH Law Group, LLP. The District’s financial advisor for the proposed obligations is Robert W. Baird & Co., Incorporated.

The approved 2025 Capital Budget and long-range financing plan provides for the issuance of these obligations in 2025. Approval of the initial resolution at this time enables a portion of 2025 capital expenditures to be funded from the proceeds of the obligations and provides the flexibility to set the sale on a date when market conditions are favorable.

The District’s staff and its financial advisor may market this issue as a climate bond, targeting the United Nation’s Sustainable Development goals. This would be an effort to appeal to environmentally conscious investors that may not otherwise be buyers of District bonds. In addition, this effort would enhance the District’s reputation as a responsible steward of the environment.

A two-thirds affirmative vote of the Commission is required for adoption.

ATTACHMENTS: **BACKGROUND** **KEY ISSUES** **RESOLUTION**

FISCAL NOTE **S/W/MBE** **OTHER** Initial Resolution

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COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

KEY ISSUES

Initial Resolution Authorizing the Sale and Issuance of Not to Exceed \$96,000,000 General Obligation Bonds and/or General Obligation Promissory Notes, and Certain Related Details

The Commission is requested to authorize the sale and issuance of an aggregate principal amount not to exceed \$96,000,000 in general obligation bonds and/or general obligation promissory notes in one or more series. The resolution authorizes the District's staff to pay for the professional services necessary to proceed with the sale and issuance of the bonds or notes, including fees for rating agencies, financial advisor, bond counsel, and printing services.

Total District general obligation debt outstanding on October 1, 2024, is estimated to be \$777.5 million, which represents 0.91% of the District's taxable property value. In addition to the issuance of \$96.0 million in general obligation bonds and/or notes, an estimated \$55.5 million in disbursements from the State of Wisconsin Clean Water Fund Program, and \$28.7 million in disbursements from Water Infrastructure Finance and Innovation Act of 2014 from January 2025 through December 2025 are included in the approved 2025 Capital Budget. Projected general obligation debt outstanding at the end of 2025 is approximately \$868.3 million, 0.93% of the District's estimated taxable property value. The District's Debt Policy includes the intent to keep outstanding debt within 2.5% of the taxable property value. State statutes limit District debt to not more than 5.0% of taxable property value.

The initial resolution enables the bonds and/or notes to be sized to meet a portion of the District's Capital Budget for the years 2024, 2025, and 2026. The proceeds from this financing will be used primarily to fund watercourse projects, capital planning, and smaller capital construction projects within the District's water reclamation facilities and conveyance system. Debt financing for larger water reclamation facilities and conveyance capital projects are expected to be in the form of subsidized loans available from the State of Wisconsin Clean Water Fund Program.

RESOLUTION

Initial Resolution Authorizing the Sale and Issuance of Not to Exceed \$96,000,000
General Obligation Bonds and/or General Obligation Promissory Notes, and Certain
Related Details

WHEREAS, the Milwaukee Metropolitan Sewerage Commission intends to authorize the sale and issuance by the Milwaukee Metropolitan Sewerage District of its general obligation bonds and/or general obligation promissory notes to finance the projects described below, which the District elects not to finance under the State of Wisconsin Clean Water Fund Program.

NOW, THEREFORE, BE IT RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the resolution attached hereto and described below is hereby adopted.

“Initial Resolution Authorizing the Sale and Issuance of Not to Exceed \$96,000,000 General Obligation Bonds and/or General Obligation Promissory Notes, and Certain Related Details for the purpose or purposes of financing a portion of the District’s Capital Budget for the years 2024, 2025, and 2026, which includes, but is not limited to, the acquisition, leasing, planning, design, construction, development, extension, enlargement, renovation, rebuilding, or improvement of land, waters, property, highways, buildings, equipment, or facilities relating to the sewerage system of the District.”