

COMMISSION FILE NO: 25-127-9 **DATE INTRODUCED:** September 8, 2025

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: Resolution Authorizing and Providing for the Issuance and Establishing Parameters for the Sale of Not to Exceed \$76,140,000 General Obligation Sewerage System Refunding Bonds, Series 2025H; Levying Taxes for the Payment Thereof, and Certain Related Details

SUMMARY:

The Commission is requested to authorize the issuance and to establish parameters for the sale of not to exceed \$76,140,000 general obligation sewerage system refunding bonds (the 2025H Bonds) to finance the current refunding of the District's outstanding Series 2015A Notes and 2015C Bonds maturing in the years 2026 and after (the Callable Maturities). The resolution will establish parameters (the Parameters Resolution) and delegate authority to designated officers to award the sale of the 2025H Bonds on behalf of the District to an underwriter selected by the District prior to adoption of the Parameters Resolution and to accept the final terms of the 2025H Bonds set forth in a bond purchase agreement (the Bond Purchase Agreement), provided that the terms of the 2025H Bonds set forth in the Bond Purchase Agreement meet the terms and conditions set forth in the Parameters Resolution.

The Parameters Resolution also provides for the payment of costs of issuance including, but not limited to, fees for financial consultants, rating agencies, underwriting services, bond counsel, and fiscal agent, and the procurement of such service providers as applicable. The sale of the 2025H Bonds is anticipated to take place in October 2025. The authority granted via the Parameters Resolution expires December 23, 2025.

A recent calculation by the District's financial advisor, Robert W. Baird & Co., indicated potential present value savings of more than \$1.3 million by refunding the Callable Maturities of the Series 2015A Notes and 2015C Bonds. The Callable Maturities are subject to optional redemption on October 1, 2025, and on any date thereafter.

ATTACHMENTS: **BACKGROUND** ☐ **KEY ISSUES** ☒ **RESOLUTION** ☒

FISCAL NOTE ☐ **S/W/MBE** ☐ **OTHER** ☒ Parameters Resolution

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COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

SUMMARY (Cont'd)

Resolution Authorizing and Providing for the Issuance and Establishing Parameters for the Sale of Not to Exceed \$76,140,000 General Obligation Sewerage System Refunding Bonds, Series 2025H; Levying Taxes for the Payment Thereof, and Certain Related Details

The proceeds of the 2025H Bonds will be deposited into the Borrowed Money Fund and applied to pay the redemption price of the Callable Maturities on the redemption date set forth in the Bond Purchase Agreement, and to pay costs of issuance of the 2025H Bonds. Funds in the Borrowed Money Fund available to pay the Callable Maturities will be transferred to the Debt Service Fund Account for the 2015A Notes and 2015C Bonds on the redemption date.

Taxes levied to pay debt service on the Callable Maturities of the Series 2015A Notes and 2015C Bonds may be abated after the redemption date. Taxes are levied pursuant to the Parameters Resolution to pay debt service on the 2025H Bonds in 2026 through 2034. The amount of the tax that is carried into the District's tax roll may be reduced in any year by the amount by which the actual debt service coming due in such year is less than the levy amount for that year set forth in the Parameters Resolution.

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

The savings analysis and summary of the parameters of the issuance of the 2025H Bonds are attached.

KEY ISSUES

Resolution Authorizing and Providing for the Issuance and Establishing Parameters for the Sale of Not to Exceed \$76,140,000 General Obligation Sewerage System Refunding Bonds, Series 2025H; Levying Taxes for the Payment Thereof, and Certain Related Details

The Commission is asked to authorize the issuance of and to establish parameters for the sale of the 2025H Bonds for the purpose of the current refunding of the Callable Maturities of the District's outstanding Series 2015A Notes and 2015C Bonds.

Financing Objectives

Issuers undertake refundings for a number of reasons, such as to achieve annual debt service savings (i.e., the District's Series 2008F and 2015C Refunding Bonds), to restructure outstanding debt (i.e., the District Series 1997A and Series 2007A Refunding Bonds), or to revise bond covenants. The refunding of the Series 2015A Notes and 2015C Bonds is being recommended for the purpose of achieving annual debt service savings.

This refunding is considered a current refunding because the date that the Callable Maturities of the Series 2015A Notes and 2015C Bonds must be redeemed is within 90 days from the date of issuance of the 2025H Bonds. Commission Policy No. 1-73.18, Debt Policy, sets a standard of achieving a minimum of two percent net present value savings for refunding transactions.

A recent calculation by the District's financial advisor, Robert W. Baird & Co., indicated a potential present value savings of over \$1.3 million (or 2.169% of refunded par) could be achieved by refunding the Callable Maturities of the Series 2015A Notes and 2015C Bonds. The savings would be spread over the life of the 2025H Bonds, years 2026 through 2034 and would reduce the amount of tax levy needed to support the District's debt service requirements by approximately \$167,000 to \$175,000 annually.

Timing of the Current Refunding

Staff recommends that the Commission adopt this Parameters Resolution that authorizes the issuance of the 2025H Bonds and delegates authority to designated officers to accept the Bond Purchase Agreement and to award the sale of the 2025H Bonds if certain parameters are met as set forth in the Parameters Resolution. By utilizing this approach, the District can sell the 2025H Bonds on a date when the market is favorable versus the sale occurring on a regular Commission meeting date which occurs only once a month.

KEY ISSUES (Cont'd)

Resolution Authorizing and Providing for the Issuance and Establishing Parameters for the Sale of Not to Exceed \$76,140,000 General Obligation Sewerage System Refunding Bonds, Series 2025H; Levying Taxes for the Payment Thereof, and Certain Related Details

If the Parameters Resolution is approved at the Commission meeting on September 22, 2025, then the pricing and sale of the 2025H Bonds could occur as early as October 2025. The District's financial advisor will work with the selected underwriting team (to be determined) to monitor the market to determine the most opportune date to access the market.

Method of Sale

The recommendation of staff and the financial advisor is that a negotiated sale be undertaken for the 2025H Bonds. For refunding issues, a negotiated sale is preferred to a competitive sale, because it maximizes the District's flexibility to set the exact date, amount, and maturity schedule of the 2025H Bonds to ensure that the District achieves its desired savings.

Table of Notable Parameters

NOTABLE PARAMETERS	
Not to Exceed Par Amount	\$76,140,000
Maximum True Interest Cost (TIC)	4.00%
Maturity Schedule	October 1, 2026-2034 (Each maturity may increase/decrease by \$10,000,000)
Bond Purchase Agreement Delegated to (the "Authorized Officers")	Kevin Shafer, Executive Director Don Nehmer, Director of Finance/Treasurer

RESOLUTION

Resolution Authorizing and Providing for the Issuance and Establishing Parameters for the Sale of Not to Exceed \$76,140,000 General Obligation Sewerage System Refunding Bonds, Series 2025H; Levying Taxes for the Payment Thereof, 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 refunding bonds to refinance the Callable Maturities of its 2015A Notes and 2015C Bonds.

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

“A Resolution Authorizing and Providing for the Issuance and Establishing the Parameters for the Sale of Not to Exceed \$76,140,000 General Obligation Sewerage System Refunding Bonds, Series 2025H; Levying Taxes for the Payment Thereof, and Certain Related Details” for the purpose of refinancing the Callable Maturities of the District’s 2015A Notes and 2015C Bonds”.