

COMMISSION FILE NO: 25-126-9 **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: Initial Resolution Authorizing the Sale and Issuance of Not to Exceed \$76,140,000 General Obligation Refunding Bonds, and Certain Related Details

SUMMARY:

The Commission is requested to authorize the preparation and marketing of general obligation refunding bonds of up to \$76,140,000 for the purpose of financing the current refunding of the Milwaukee Metropolitan Sewerage District's outstanding General Obligation Sewerage System Bonds, Series 2015A Notes and Series 2015C Bonds maturing in the years 2026 and after (the Callable Maturities). The authorization provides for engagement of rating agencies and a fiscal agent and procurement of printing services and underwriter services. 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.

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

It would be advantageous to the District to effect a current refunding of the Callable Maturities, meaning that the Callable Maturities will be redeemed within 90 days after the date the proposed refunding bonds are issued. An amount from the proceeds of the proposed refunding bonds, together with amounts already on deposit in the debt service fund account for the 2015A Notes and 2015C Bonds, will be applied to redeem the Callable Maturities and to pay all interest due on the Callable Maturities on the redemption date.

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

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 \$76,140,000 General Obligation Refunding Bonds, and Certain Related Details

Financing Objectives

Issuers undertake refundings for a number of reasons, such as to achieve savings on debt service costs (e.g., the District's Series 2015C Refunding Bonds), to restructure outstanding debt (e.g., the District's Series 2007A Refunding Bonds), or to revise bond covenants.

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 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 present value is calculated using the all inclusive cost of 3.03% as discount rate. The savings would be spread over the life of the refunding 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

To take advantage of the low interest rates expected in the near term, staff will consider pricing the proposed refunding bonds as early as October 2025. Staff recommends that the Commission authorize the Executive Director to procure all professional services necessary to proceed with the refunding including engagement of rating agencies and a fiscal agent, and procurement of underwriter services and printing services. Further recommended is authorization for the District's financial advisor and bond counsel to perform all services necessary to complete the sale.

Method of Sale

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

Staff will request Commission authorization in September for approval of a parameters resolution which will authorize the sale of the proposed refunding bonds, provided that the final pricing meets Commission policy and other defined parameters that will be set forth in said resolution.

RESOLUTION

Initial Resolution Authorizing the Sale and Issuance of Not to Exceed \$76,140,000
General Obligation Refunding Bonds, and Certain Related Details

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the attached Initial Resolution titled, "Initial Resolution Authorizing the Sale and Issuance of Not to Exceed \$76,140,000 General Obligation Sewerage System Refunding Bonds, and Certain Related Details", is adopted.