



COMMISSION FILE NO: 25-017-1 **DATE INTRODUCED:** January 27, 2025

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

REFERRED BY COMMISSION CHAIRPERSON TO: Commission

RELATING TO: A Supplemental Initial Resolution and a Resolution Authorizing and Providing for the Sale and Issuance of \$96,000,000 General Obligation Sewerage System Refunding and Improvement Bonds, Series 2025E (Green Bonds – Climate Bond Certified), Levying Taxes for the Payment Thereof, and all Other Related Details

SUMMARY:

The Commission is requested to award the sale of \$96,000,000 of the District’s General Obligation Sewerage System Refunding and Improvement Bonds, Series 2025E (Green Bonds – Climate Bond Certified) (the 2025E Bonds), to the bidder providing the lowest true interest cost. The proceeds of the 2025E Bonds will be used to (i) finance portions of the District’s capital budget for the years 2024, 2025, and 2026 (the Project) that are not funded with State of Wisconsin Clean Water Fund Program loan proceeds or proceeds of loans from the U.S. Environmental Protection Agency pursuant to the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) and (ii) refund the District’s \$30,000,000 General Obligation Promissory Notes, Series 2025A, dated January 2, 2025 (the 2025A Notes), which were issued to finance portions of the Project on a temporary basis.

Approval of the attached supplemental initial resolution and award resolution will enable the District to finance the Project over a 20-year period. The size of the 2025E Bond issue was approved by the Commission in an initial resolution (24-136-10) adopted on October 28, 2024. Approval of the attached supplemental initial resolution, to be adopted prior to the award resolution at the same meeting, will authorize the refunding of the 2025A Notes with a portion of the proceeds of the 2025E Bonds.

The award resolution levies an irrevocable, direct annual tax to pay debt service on the 2025E Bonds.

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

ATTACHMENTS: **BACKGROUND** **KEY ISSUES** **RESOLUTION**
FISCAL NOTE **S/W/MBE** **OTHER** Supplemental Resolution & Sale Resolution

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12-18-24*

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

BACKGROUND

A Supplemental Initial Resolution and a Resolution Authorizing and Providing for the Sale and Issuance of \$96,000,000 General Obligation Sewerage System Refunding and Improvement Bonds, Series 2025E (Green Bonds – Climate Bond Certified), Levying Taxes for the Payment Thereof, and all Other Related Details

At its October 28, 2024, meeting, the Commission approved an initial resolution, which authorized general obligation bonds and/or general obligation promissory notes to be issued in one or more series in an aggregate principal amount not to exceed \$96,000,000 for the purpose of financing portions of the District's capital budget for the years 2024, 2025, and 2026 (the "Project"). The initial resolution also authorized District officials to prepare necessary documents for the sale of the 2025E Bonds; to accept bids for the 2025E Bonds; to pay the costs of issuance of the 2025E Bonds, including, but not limited to, bond counsel fees, financial advisory fees, printing fees for the Official Statement, and rating agency fees; and to perform all services necessary to complete the sale. Prior to the issuance of the 2025E Bonds, the District issued the 2025A Notes to finance a portion of the Project. At this meeting, the Commission is asked to approve the attached supplemental initial resolution which will authorize the refunding of the 2025A Notes with a portion of the proceeds of the 2025E Bonds.

In December 2014, the Commission approved the selection of the team of Foley & Lardner, LLP, and MWH Law Group, LLP, (previously Gonzalez Saggio & Harlan, LLP) to serve as District co-bond counsel. In February 2015, the Commission approved the selection of Robert W. Baird & Co., Incorporated, to serve as financial advisor. In addition, the District has engaged Kestrel Verifiers to verify that the bonds conform with the Climate Bonds Standard and to supply an assurance report to confirm that the bonds meet the Climate Bonds Standard's requirements. The Climate Bonds Standard Board provides confirmation of all Climate Bond Certifications. The District's goal with this certification is to broaden the base of potential investors. Investors who are keen to climate related investments can more quickly and confidently identify the District's bonds to be in line with their priorities. The Climate Bonds Standard also allows certification of the bonds prior to issuance, enabling the District to use the Climate Bonds Certification mark in the offering documents and the name of the bonds to reflect the designation as Climate Bond Certified or Green Bonds.

The attached award resolution establishes the terms of the 2025E Bonds, awards such bonds to the bidder providing the lowest true interest cost, and levies an irrevocable tax to pay debt service on the bonds.

The initial resolution, the supplemental initial resolution and the award resolution have been drafted by co-bond counsel.

KEY ISSUES

A Supplemental Initial Resolution and a Resolution Authorizing and Providing for the Sale and Issuance of \$96,000,000 General Obligation Sewerage System Refunding and Improvement Bonds, Series 2025E (Green Bonds – Climate Bond Certified), Levying Taxes for the Payment Thereof, and all Other Related Details

In addition to reimbursements and capital costs financed with State of Wisconsin Clean Water Fund Program loan proceeds and WIFIA loan proceeds, the District needs to issue approximately \$96,000,000 in debt to finance or refinance portions of its capital budget in years 2024, 2025, and 2026.

Tax levy collections in the amount of \$2,430,000 have been reserved for 2025 debt service payments on the 2025E Bonds. This debt service amount was based on the issuance of \$96,000,000 in bonds at an interest rate of 4.50% with six months of interest to be paid in 2025.

In December 2022, the Commission authorized issuance of general obligation bonds to evidence loans made pursuant to WIFIA, to finance a portion of three capital projects. The WIFIA financing represents 49% of the costs for these projects. A portion of the proceeds of the 2025E Bonds will partially finance the remaining 51% of such costs.

Following the issuance of the 2025E Bonds, on or about February 18, 2025, outstanding general obligation debt of the District will be approximately \$976,000,000, which represents 1.14% of the District's taxable property value. Commission policy is to maintain outstanding debt within 2.5% of taxable property value. State statutes limit District debt to no more than five percent of equalized value.

RESOLUTION

A Supplemental Initial Resolution and a Resolution Authorizing and Providing for the Sale and Issuance of \$96,000,000 General Obligation Sewerage System Refunding and Improvement Bonds, Series 2025E (Green Bonds – Climate Bond Certified), Levying Taxes for the Payment Thereof, and all Other Related Details

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the attached Supplemental Initial Resolution titled, “Supplemental Initial Resolution Authorizing the Sale and Issuance of Not to Exceed \$96,000,000 General Obligation Sewerage System Refunding and Improvement Bonds, and Certain Related Details”, is adopted.

FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the attached Award Resolution titled, “A Resolution Authorizing and Providing for the Sale and Issuance of \$96,000,000 General Obligation Sewerage System Refunding and Improvement Bonds, Series 2025E (Green Bonds – Climate Bond Certified), Levying Taxes for the Payment Thereof, and all Other Related Details”, is adopted.