

COMMISSION FILE NO: 17-038-4 **DATE INTRODUCED:** April 10, 2017

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: Authorizing and Providing for the Sale and Issuance of \$80,000,000 General Obligation Sewerage System Bonds, Series 2017A, Levying Taxes for the Payment Thereof, and all Other Related Details

SUMMARY:

The Commission is requested to award the sale of \$80,000,000 of the District's General Obligation Sewerage System Bonds, Series 2017A (bonds), to the bidder providing the lowest true interest cost. The proceeds of the bonds will be used in 2017 and 2018 to finance portions of the capital budget for the years 2017 and 2018 that are not funded with State of Wisconsin Clean Water Fund Program loan proceeds.

Approval of the attached award resolution will enable the Milwaukee Metropolitan Sewerage District (District) to finance project and other expenditures over a 20-year period. The size of this bond issue was approved by the Commission in an initial resolution adopted on December 19, 2016.

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

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

At its December 19, 2016 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 of not to exceed \$80,000,000 to finance portions of the District's capital budget for the years 2017 and 2018. The initial resolution also authorized District officials to prepare necessary documents for the sale of the bonds, to accept bids for the bonds, to pay the costs of issuance of the bonds including, but not limited to, bond counsel fees, financial advisory fees, printing fees, and rating agency fees, and to perform all services necessary to complete the sale.

ATTACHMENTS: **BACKGROUND** ☐ **KEY ISSUES** ☒ **RESOLUTION** ☒
FISCAL NOTE ☐ **S/W/MBE** ☐ **OTHER** ☒ Award Resolution

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COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

SUMMARY (Cont'd)

Authorizing and Providing for the Sale and Issuance of \$80,000,000 General Obligation Sewerage System Bonds, Series 2017A, Levying Taxes for the Payment Thereof, and all Other Related Details

In December 2014, the Commission approved the selection of the team of Foley & Lardner LLP and Gonzalez Saggio & Harlan LLP to serve as District co-bond counsel. During February 2016, the Gonzalez firm disbanded; the firm called MWH Law Group LLP, which includes the same bond counsel, has succeeded the Gonzalez firm. In February 2015, the Commission approved the selection of Robert W. Baird & Co. to serve as financial advisor.

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

Both the initial and award resolutions have been drafted by bond counsel.

KEY ISSUES

Authorizing and Providing for the Sale and Issuance of \$80,000,000 General Obligation Sewerage System Bonds, Series 2017A, 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, the District needs to issue approximately \$80 million in debt to finance its remaining capital needs in 2017 and 2018.

Tax levy collections in the amount of \$1.6 million have been reserved for 2017 debt service payments on the new District bonds. This debt service amount was based on the issuance of \$80 million in bonds at an interest rate of 4% with six months of interest to be paid in 2017.

Following the issuance of the bonds on or about ~~May 11~~June 12, 2017, outstanding general obligation debt of the District will be approximately \$961 million, which represents 1.7% of the District's taxable property value. Commission policy states intent to keep outstanding debt within 2.5% of taxable property value. State statutes limit District debt to no more than 5% of taxable property value.

RESOLUTION

Authorizing and Providing for the Sale and Issuance of \$80,000,000 General Obligation Sewerage System Bonds, Series 2017A, Levying Taxes for the Payment Thereof, and all Other Related Details

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the attached award resolution titled, "A Resolution Authorizing and Providing for the Sale and Issuance of \$80,000,000 General Obligation Sewerage System Bonds, Series 2017A, Levying Taxes for the Payment Thereof, and all Other Related Details", is adopted-; and

BE IT FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that, as the result of receipt of a substantial premium on the Series 2017A issue, \$1.6 million previously earmarked (by Resolution 16-134-10) for payment of debt service coming due in 2017 for the Series 2017A Bonds will now be used for payment of debt service coming due on the General Obligation Notes, Series 2015A.