



Legislation Details (With Text)

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Title: Substitute resolution authorizing the sale and issuance of up to \$100,000,000 Water System Second Lien Revenue Bonds.

Sponsors: THE CHAIR

Indexes: REVENUE BONDS

Attachments: 1. Borrowing Letter, 2. Fiscal Note, 3. SDWL Resolution, 4. SDWL Resolution Revised Jan 5 2021

Date	Ver.	Action By	Action	Result	Tally
12/17/2019	0	COMMON COUNCIL	ASSIGNED TO		
1/14/2020	1	CITY CLERK	DRAFT SUBMITTED		
1/13/2021	1	FINANCE & PERSONNEL COMMITTEE	RECOMMENDED FOR ADOPTION	Pass	5:0
1/19/2021	1	COMMON COUNCIL	ADOPTED	Pass	15:0
1/28/2021	1	MAYOR	SIGNED		

191407

SUBSTITUTE 1

120976, 131057

The Chair

Substitute resolution authorizing the sale and issuance of up to \$100,000,000 Water System Second Lien Revenue Bonds.

This resolution authorizes and provides for the sale of water revenue bonds for financing the costs of improvements to the City's Water System. The City will use the Water System Second Lien Revenue Bonds to borrow for water purposes from the State of Wisconsin Safe Drinking Water Loan Program. The Safe Drinking Water Loan Program is one of the State's subsidized loan programs included in the Environmental Improvement Fund. The Safe Drinking Water Loan program provides subsidized loans to municipalities for drinking water projects.

Whereas, The City of Milwaukee, Milwaukee County, Wisconsin (the "Municipality") owns and operates a water system (the "System") which is operated for a public purpose as a public utility by the Municipality; and

Whereas, Certain improvements to the System are necessary to meet the needs of the Municipality and the residents thereof, consisting of the construction of one or more capital improvements of the System each constituting a "Project" eligible for funding under the Safe Drinking Water Loan Program administered by the

State of Wisconsin Department of Natural Resources (the “Department of Natural Resources”); and

Whereas, Under the provisions of Chapter 66 of the Wisconsin Statutes any municipality may, by action of its governing body, provide for purchasing, acquiring, constructing, extending, adding to, improving, operating and managing a public utility from the proceeds of bonds, which bonds are to be payable only from the revenues received from any source by such utility, including all rentals and fees; and

Whereas, The Municipality deems it to be necessary, desirable and in its best interest to authorize and sell water system revenue bonds of the Municipality payable solely from the revenues of the System, pursuant to the provisions of Section 66.0621 of the Wisconsin Statutes, to pay the costs of the Projects; and

Whereas, Water system revenue bonds were issued by the Municipality to the State of Wisconsin Safe Drinking Water Loan Program pursuant to the following resolutions, on the following dates, and in the aggregate amounts of:

Safe Drinking Water Loans

Resolution Number	Adoption Date	Series	Issue Date(s)	Issue Amount
120976	12/17/13	Water System Revenue Bonds, Series 2013 (“Series 2013”)	12/26/13	\$7,823,139
140263	9/23/14	Water System Revenue Bonds, Series 2014 (“Series 2014”)	10/22/14	\$8,548,447
151256	9/20/16	Water System Second Lien Revenue Bonds, Series 2017 (“Series 2017”)	1/25/17 6/28/17	\$25,103,794
171699	3/27/18	Water System Second Lien Revenue Bonds, Series 2018 & 2019 (“Series 2018”)	5/23/18 6/26/19	\$28,916,785

Whereas, On July 22, 2014, this Common Council adopted Resolution File Number 131057, a master resolution (the “Master Resolution”) providing for the issuance of water system revenue bonds of the Municipality (the “First Lien Bonds”) payable from and secured by a first lien on and security interest in the revenues of the System; and

Whereas, The State of Wisconsin, acting through the Department of Natural Resources has agreed that, upon the issuance of any First Lien Bonds pursuant to the Master Resolution, the 2013 Bonds, the 2014 Bonds, the 2017 Bonds, shall constitute “Subordinate Obligations” as defined in the Master Resolution payable from the Subordinate Obligation Fund established by the Master Resolution and shall be secured by a lien on and security interest in the revenues of the System that will be junior and subordinate to the lien and security interest in such System revenues in favor of the First Lien Bonds (the “Second Lien Revenues”); and

Whereas, First Lien Bonds were issued pursuant to the Master Resolution and the following resolution, on the following date, and in the aggregate amount of:

First Lien Bonds

Resolution Number	Adoption Date	Series	Issue Date(s)	Issue Amount
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160866	11/22/16	Water System Revenue Bonds, Series 2016 W10 ("Series 2016")	12/15/16	\$10,000,000
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Whereas, As of January 1, 2020, the following bonds or obligations payable from and having a lien on the revenues of the System are outstanding:

Series Amount Outstanding

First Lien Bonds:	\$8,685,000.00
2013 Bonds:	\$4,625,502.84
2014 Bonds:	\$6,624,538.87
2017 Bonds:	\$18,807,313.33
2018 Bonds:	\$21,394,360.60

Whereas, Except for the First Lien Bonds, the 2013 Bonds, the 2014 Bonds, the 2017 Bonds, and the 2018 Bonds, no other bonds or obligations payable from and having a lien on the revenues of the System are now outstanding; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee as follows:

1. Up to \$100,000,000 aggregate principal amount of Water System Second Lien Revenue Bonds of the City of Milwaukee (the "Bonds") are authorized to be issued in one or more series for financing capital improvements to the System of the City. The Bonds shall be payable from the State Loan Program Debt Service Account of the Subordinate Obligation Fund and shall be secured by a lien on Second Lien Revenues.
2. The detailed resolution appended to this file relating to the Bonds is hereby approved. Such appended document is considered as a formal part of this resolution.
3. It is hereby delegated to the Commissioners of the Public Debt of the City, subject to the limitations as contained herein, the power with respect to the Bonds to determine and carry out the following: (a) the date or dates, maturity date or dates, principal amount of each maturity, and the amount and date of each Sinking Fund Installment, if any; provided, however, that the Bonds shall mature at any such time or times not exceeding 40 years from the date of issuance; (b) the interest rate or rates, if any, of the Bonds or the manner of determining such rate or rates, the date from which interest on the Bonds shall accrue, the dates on which interest on the Bonds shall be payable, if any; provided, however, that the interest rate for the Bonds maturing in any year shall not exceed 8% per annum; (c) the redemption price or prices, if any, the redemption terms; (d) the provisions for the sale or exchange of the Bonds and for the delivery thereof; (e) directions for the application of the proceeds of the Bonds, including the interest on such Bonds to be capitalized from the proceeds thereof, if any, and the date or dates to which such capitalized interest shall accrue; (f) the final form of the Bond or Bonds; and (g) any other provisions that are not in conflict with this resolution. The Commissioners of the Public Debt of the City shall adopt in one or more resolutions actions taken pursuant to the authority granted herein, which resolutions shall be filed with the City Clerk of the City.
4. The Bonds shall be sold at private sale to the State of Wisconsin Safe Drinking Water Fund Program, or other similar type program, on such date or dates and at such price or prices, all as shall be determined by the Commissioners of the Public Debt; provided that the Bonds shall be sold at a price not less than 98% of the par value thereof and at a true interest cost rate not in excess of 7% per annum.

5. The Bonds shall be executed in accordance with the provisions of this resolution. An Authorized Officer is hereby authorized to execute and deliver, in the name and on behalf of the City, any and all documents and instruments, with such technical changes as may be recommended by the City Attorney, and to do and cause to be done any and all acts and things, said Authorized Officer deems necessary or advisable in connection with the offering, sale and issuance of the Bonds and to carry out the transactions contemplated by this resolution. For purposes of the Safe Drinking Water Fund Program Financial Assistance Application, the Commissioner of Public Works is designated as the Authorized Representative.

6. The interest on the Bonds is intended to be excluded from gross income for purposes of federal income taxation. In order to maintain such exclusion, the City affirms that the tax covenant made in this resolution shall apply to the Bonds. In furtherance of the foregoing, the City shall comply with the provisions of the Tax Certificate executed by an Authorized Officer in connection with the Bonds; the obligation of the City to comply with the provisions herein with respect to the rebate to the Department of the Treasury of the United States of America relating to the Bonds shall remain in full force and effect so long as the City shall be required by the Code to rebate such earnings on the gross proceeds of the Bonds notwithstanding that the Bonds are no longer outstanding.

7. For each series of the Bonds, a Continuing Disclosure Certificate, in substantially the form of a Supplemental Certificate authorized by File Number 181110 adopted on December 18, 2018, is authorized to be executed and delivered by the Comptroller.

8 The City of Milwaukee authorizes and directs the appropriate officers and employees of the City to take all action necessary or appropriate to comply with and carry out all of the provisions of the Continuing Disclosure Certificate as amended from time to time. Notwithstanding any other provision of the resolution, failure of the City to perform in accordance with the Continuing Disclosure Certificate shall not constitute a default under the Resolution and the Continuing Disclosure Certificate may be enforced only as provided therein.

Comptroller
Comptroller
Richard Li
1/14/20
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