

ELECTRONIC PACKET

SEPTEMBER 9, 2019 POLICY, FINANCE, & PERSONNEL COMMITTEE MEETING

RELEASED: Tuesday, September 3, 2019



Milwaukee Metropolitan Sewerage District

260 West Seeboth
Street
Milwaukee, WI
53204

Meeting Agenda

Policy, Finance & Personnel Committee

Eugene Manzanet, Chair
Dan Devine, Vice Chair
Tim Carpenter, Jeff Stone, Corey Zetts
Kris Martinsek, Ex-Officio

Monday, September 9, 2019

9:05 AM

Dennis M. Grzezinski Conference Room

NOTICE IS HEREBY GIVEN, pursuant to Section 19.84, Wisconsin Statutes, that the Milwaukee Metropolitan Sewerage District's Policy, Finance and Personnel Committee will hold its regularly scheduled public meeting on Monday, September 9, 2019 at 9:05 a.m. or immediately following the Operations Committee meeting which begins at 9:00 a.m. at the District's Headquarters, 260 W. Seeboth Street, Milwaukee, Wisconsin, in the Dennis M. Grzezinski Conference Room.

PURSUANT TO SECTION 19.85(1)(g), Wisconsin Statutes, the Committee reserves the right to go into Closed Session on any item on the public portion of the agenda to confer with Legal Counsel when it appears the matter may involve the District in litigation. If the Committee does convene in such a Closed Session, it is contemplated that the Committee will again, before adjourning the meeting, reconvene at the same place in Open Session at which time the Committee may act upon any item(s) considered in the Closed Session and upon any unfinished items from the regular agenda.

CALL TO ORDER

RECORD ROLL

Approval of Proceedings of Regular Committee Meeting held July 8, 2019

NEW BUSINESS

- | | | |
|----|----------|---|
| 12 | 19-129-9 | Authorization to Execute a Great Lakes Legacy Act Project Agreement among the United States Environmental Protection Agency, Wisconsin Department of Natural Resources, Milwaukee County, City of Milwaukee, and We Energies for the Focused Feasibility Study, Pre-Design Investigation and Remedial Design of Remaining Impacted Sediments in the Milwaukee Estuary Area of Concern |
| 13 | 19-130-9 | Authorizing the Executive Director to Enter into Contracts for Health Care Administration Services for District Group Health Insurance Benefits Effective January 1, 2020 |
| 14 | 19-131-9 | Authorizing the Executive Director to Participate in WaterMarks Initiative |

- 15 19-132-9 Insurance Coverage Purchase or Renewal for General Operations and Pollution
- 16 19-133-9 Transferring Additional Money to the Debt Service Fund
Requires 2/3 Affirmative Vote of the Commission for Adoption
- 17 19-134-9 Authorizing and Providing for the Sale and Issuance of One Series of General Obligation Sewerage System Promissory Notes, Levying Taxes for the Payment Thereof, and All Related Details
Requires 2/3 Affirmative Vote of the Commission for Adoption

ORGANIZATION & ADMINISTRATION

19-002-1 EXECUTIVE DIRECTOR'S REPORT

A. Monthly Reports

ADJOURNMENT

PLEASE NOTE: Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aids. For additional information or to request these services, contact the Office of the Commission at 414.225.2264, (FAX) 414.272.6360 or write to Office of the Commission, 260 W. Seeboth Street, Milwaukee, Wisconsin, 53204-1446.



Anna Kettlewell, Commission Secretary
Milwaukee Metropolitan Sewerage District



Milwaukee Metropolitan Sewerage District

260 West
Seeboth Street
Milwaukee, WI
53204

Meeting Minutes Policy, Finance & Personnel Committee

Eugene Manzanet, Chair
Dan Devine, Vice Chair
José G. Pérez, Jeff Stone, Corey Zetts
Kris Martinsek, Ex-Officio

Monday, July 8, 2019

9:05 AM

Dennis M. Grzezinski Conference Room

CALL TO ORDER

Committee Chair Commissioner Manzanet called the meeting to order at 9:54 a.m.

RECORD ROLL

Present 6 - Dan Devine, Eugene Manzanet, Kris Martinsek, José G. Pérez, Jeff Stone, and Corey Zetts

Other Commissioners Present: Kathy Ehley, Cavalier C. Johnson, LaTonya Johnson, and John Swan, III.

Approval of Proceedings of Regular Committee Meeting held June 10, 2019

A motion was made by Commissioner Devine, seconded by Commissioner Zetts. The motion carried.

NEW BUSINESS

10 19-101-7 Update to the Kinnickinnic River Watercourse Management Plan

The Committee received a PowerPoint presentation from Michael Martin, Director of Technical Services, with comments by Kevin L. Shafer, P.E., Executive Director.

Commissioner Stone requested information on cost sharing policies with municipalities for projects within the watercourse plans.

A motion was made by Commissioner Devine, seconded by Commissioner Stone, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.

- 11 19-102-7 Contract W40012D02, Kinnickinnic River Flood Management
Community Outreach Services
- The Committee received a PowerPoint presentation from Michael Martin, Director of Technical Services, with comments by Kevin L. Shafer, P.E., Executive Director.*
- Commissioner Manzanel requested the metrics that would be established to measure the success of outreach activities in this contract.*
- A motion was made by Commissioner Stone, seconded by Commissioner Pérez, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.**
- 12 19-103-7 Agreement between the Milwaukee Metropolitan Sewerage District and
City of Milwaukee Regarding the Kinnickinnic River Reach 2
Improvements between S. 6th Street and S. 16th Street
- The Committee received a PowerPoint presentation from Michael Martin, Director of Technical Services, with comments by Patrick Elliott, Senior Project Manager, and Kevin L. Shafer, P.E., Executive Director.*
- Commissioner Pérez requested that pedestrian safety measures be increased in the plans.*
- Commissioner Stone questioned whether reimbursements are included in the total project costs.*
- Commissioner Zetts asked why combined sewers addressed in this project were not being separated as part of the project.*
- Commissioner Pérez requested protection against vandalism under the bridges as the project progresses.*
- Commissioner Manzanel requested the cost breakdown of the City and District's cost share on this project.*
- A motion was made by Commissioner Zetts, seconded by Commissioner Devine, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.**
- 13 19-104-7 Update to the Milwaukee River Watercourse Management Plan
- The Committee received a PowerPoint presentation from Michael Martin, Director of Technical Services.*
- Commissioner Pérez departed the meeting during this item at 10:31 a.m.*
- A motion was made by Commissioner Zetts, seconded by Commissioner Stone, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.**

- 14 19-105-7 Agreement between the Milwaukee Metropolitan Sewerage District and the City of Glendale Regarding Voluntary Acquisition of Properties within the Milwaukee River Floodplain

The Committee received a PowerPoint presentation from Michael Martin, Director of Technical Services, with comments by Mark Mittag, Senior Project Manager, and Kevin L. Shafer, P.E., Executive Director.

Commissioner Stone requested details on when and why the Wisconsin Department of Natural Resources funding cost share changed on flood protection grants.

A motion was made by Commissioner Devine, seconded by Commissioner Stone, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.

- 15 19-106-7 Adopting the Resilience Plan

The Committee received a PowerPoint presentation from Karen Sands, Director of Planning, Research, and Sustainability, with comments by Nadia Vogt, Senior Project Manager, and Kevin L. Shafer, P.E., Executive Director.

A motion was made by Commissioner Zetts, seconded by Commissioner Devine, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.

- 16 19-107-7 Approval of Revised Sanitary Sewer Service Area Boundary within the City of New Berlin

The Committee received a PowerPoint presentation from Karen Sands, Director of Planning, Research, and Sustainability.

A motion was made by Commissioner Stone, seconded by Commissioner Zetts, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.

- 17 19-108-7 Authorization to Execute an Agreement with Construction Resources Management, Inc., for the Reconstruction and Abandonment of Combined Sewer Overflow 150

The Committee received a PowerPoint presentation from Karen Sands, Director of Planning, Research, and Sustainability.

A motion was made by Commissioner Devine, seconded by Commissioner Stone, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.

- 18 19-109-7 Authorizing the Executive Director to Execute Change Order No. 1, Contract P-2650 to Provide Auditing Services for Fiscal Years Ending December 31, 2015, 2016, 2017, and 2018 Extending for Years Ending December 31, 2019 and 2020

The Committee received a presentation from Mickie Pearsall, Director of Finance/Treasurer.

A motion was made by Commissioner Stone, seconded by Commissioner Zetts, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.

- 19 19-110-7 Declaration of the Public Necessity and Approval of the Revised Acquisition Plat (Relocation Order) for the Western Milwaukee Real Estate and Environmental Assessment Project, W20029

The Committee received a presentation from Don Nehmer, Deputy Director of Finance.

A motion was made by Commissioner Stone, seconded by Commissioner Devine, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.

- 20 19-111-7 Authorizing the Executive Director to Execute a Contract with Marco Technologies to Upgrade Voice System to a Unified Communications System

The Committee received a PowerPoint presentation from Scott Johanning, Director of Information Systems.

A motion was made by Commissioner Devine, seconded by Commissioner Zetts, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.

- 21 19-112-7 Award of Contract P-2862 to Purchase Water Quality and Flow Monitoring Equipment and Replacement Parts

The Committee received a presentation from Jeff Spence, Director of Community Outreach and Business Engagement.

A motion was made by Commissioner Stone, seconded by Commissioner Zetts, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.

- 22 19-113-7 Adoption of Commission Policy 1-11.06, Climate Change Adaptation

The Committee received a presentation from Susan Anthony, Director of Legal Services, with comments by Kevin L. Shafer, P.E., Executive Director.

A motion was made by Commissioner Manzanet, seconded by Commissioner Martinsek, that this matter be approved by a voice vote. The motion carried by a unanimous voice vote.

It was moved by Commissioner Martinsek, seconded by Commissioner Devine, to recess at 11:34 a.m. The motion carried.

The Committee resumed its business at 11:41 a.m.

ORGANIZATION & ADMINISTRATION

19-002-1 EXECUTIVE DIRECTOR'S REPORT

A. Monthly Reports

B. Baker Tilly Report on the Financial Audit (Jodi Dobson)

A. Kevin L. Shafer, P.E., Executive Director, reported that he would attend Assembly Speaker Robin Vos's Water Task Force meeting. He also reported that the District began taking South Milwaukee biosolids.

B. The Committee received a PowerPoint presentation and handout from Jodi Dobson, Partner, Baker Tilly, with comments by Mickie Pearsall, Director of Finance/Treasurer.

ADJOURNMENT

It was moved by Commissioner Stone, seconded by Commissioner Zetts, to adjourn. The motion carried.

As there was no further business, the meeting was adjourned at 12:06 p.m.



Anna Kettlewell, Commission Secretary
Milwaukee Metropolitan Sewerage District



COMMISSION FILE NO: 19-129-9 **DATE INTRODUCED:** September 9, 2019

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: Authorization to Execute a Great Lakes Legacy Act Project Agreement among the United States Environmental Protection Agency, Wisconsin Department of Natural Resources, Milwaukee County, City of Milwaukee, and We Energies for the Focused Feasibility Study, Pre-Design Investigation and Remedial Design of Remaining Impacted Sediments in the Milwaukee Estuary Area of Concern

SUMMARY:

The Commission is requested to authorize the Executive Director to execute a Great Lakes Legacy Act (GLLA) Project Agreement (PA) among the United States Environmental Protection Agency (EPA), Wisconsin Department of Natural Resources (WDNR), Milwaukee County, City of Milwaukee, and We Energies for the Focused Feasibility Study, Pre-Design Investigation, and Remedial Design of Remaining Impacted Sediments in the Milwaukee Estuary Area of Concern (AOC). This PA does not require additional cost expenditures by the District beyond its annual capital budget expenditures and related labor.

The Milwaukee Estuary was designated an AOC in 1987 by the International Joint Commission because of historical modifications and pollutant loads that contributed toxic contamination to the AOC and Lake Michigan. Twenty-six AOC's have been identified in the Great Lakes basin within the United States. Under the Great Lakes Water Quality Agreement, a Milwaukee Estuary Stage 1 Remedial Action Plan (RAP) was completed in 1991. Updates to the RAP have been periodically performed, with the most recent update in December 2016. The RAP identifies the project reaches targeted for this GLLA project within the AOC as requiring additional sediment characterization, followed by further evaluation for potential remedial action.

The Milwaukee Estuary AOC includes the nearshore waters of Lake Michigan, portions of the Milwaukee, Menomonee, and Kinnickinnic Rivers, and a segment of Lincoln Creek. The PA describes the framework through which the partners will work together during various phases and in multiple project areas within the AOC. The purpose of the project is to improve the conditions in the AOC to protect human health and the aquatic environment as well as support the eventual delisting process.

ATTACHMENTS: **BACKGROUND** **KEY ISSUES** **RESOLUTION**
FISCAL NOTE **S/W/MBE** **OTHER**

PDF_PA_Milwaukee_Estuary_AOC_legislative_file.docx
08-26-19

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

SUMMARY (Cont'd)

Authorization to Execute a Great Lakes Legacy Act Project Agreement among the United States Environmental Protection Agency, Wisconsin Department of Natural Resources, Milwaukee County, City of Milwaukee, and We Energies for the Focused Feasibility Study, Pre-Design Investigation and Remedial Design of Remaining Impacted Sediments in the Milwaukee Estuary Area of Concern

Under this PA, the District will:

- Contribute to the 35% non-federal cost share through an in-kind contribution (IKC);
- Convene and support the overall communications;
- Assist with building public and community support, including fostering awareness and understanding of AOC issues; and
- Review reports, recommendations, and other meeting material.

Under this PA, EPA will:

- Conduct the work;
- Fund the 65% federal cost share;
- Convene and support the overall non-federal partner communications;
- Assist with building public and community support, including fostering awareness and understanding of AOC issues; and
- Review reports, recommendations, and other meeting material.

The District is providing a portion of the non-federal cost share requirements through an IKC. The IKC activity involves the Basin H Metropolitan Interceptor Sewer (MIS) Polychlorinated Biphenyl (PCB) Remediation and Rehabilitation Project (Project C05041). This project includes removing PCB contaminants from the Basin H sanitary sewer, which is considered a source control mechanism to prevent further or renewed contamination of the sediment in the Milwaukee River and Lake Michigan. The project costs incurred after signing the PA will be included as IKC costs and documented in quarterly reports submitted to EPA. The Basin H MIS Remediation Project will go out to bid in fall of 2019, and costs will be known when the bids are received.

RESOLUTION

Authorization to Execute a Great Lakes Legacy Act Project Agreement among the United States Environmental Protection Agency, Wisconsin Department of Natural Resources, Milwaukee County, City of Milwaukee, and We Energies for the Focused Feasibility Study, Pre-Design Investigation and Remedial Design of Remaining Impacted Sediments in the Milwaukee Estuary Area of Concern

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to execute a Great Lakes Legacy Act Project Agreement among the United States Environmental Protection Agency, Wisconsin Department of Natural Resources, Milwaukee County, City of Milwaukee, and We Energies for the Focused Feasibility Study, Pre-Design Investigation and Remedial Design of Remaining Impacted Sediments in the Milwaukee Estuary Area of Concern.



COMMISSION FILE NO: 19-130-9 **DATE INTRODUCED:** September 9, 2019

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 the Executive Director to Enter into Contracts for Health Care Administration Services for District Group Health Insurance Benefits Effective January 1, 2020

SUMMARY:

The Commission is requested to authorize the Executive Director to enter into a contract with UMR to provide administration of the District's health care benefits for employees and pre-Medicare retirees of the Milwaukee Metropolitan Sewerage District for the period of January 1, 2020, through December 31, 2022. The contract with UMR will include network administration with United Healthcare (UHC) Choice Plus network. The District's current contract with UMR will expire on December 31, 2019. To ensure continuation and administration of the District's health care benefits in a cost effective manner, the District's health care consultant, the Horton Group, solicited proposals in the summer of 2019. With Horton's assistance, the District received and evaluated four proposals. As a result of the review, staff recommends that the Executive Director be authorized to enter into an agreement with UMR for health insurance administration for the period of January 1, 2020, through December 31, 2022, as well as provide network administration through UHC Choice Plus.

ATTACHMENTS: BACKGROUND KEY ISSUES RESOLUTION
FISCAL NOTE S/W/MBE OTHER _____

PFP_HealthCareAdmin_legislative_file.docx
08-16-19

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

BACKGROUND

Authorizing the Executive Director to Enter into Contracts for Health Care Administration Services for District Group Health Insurance Benefits Effective January 1, 2020

MMSD has carried its third party administrative (TPA) services through UMR for the past 12 years. As the TPA for MMSD, UMR (a United Healthcare-owned company) is the organization that processes claims, handles the customer service, and owns the network that provides discounts on medical claims for MMSD and its members. Through the District's employee benefits broker, TPA requests for proposal were sent to UMR, Humana, Anthem, Auxiant, Prairie States, and Cypress. The District received proposals from UMR, Humana, Anthem, and Auxiant. Prairie States declined to quote, and Cypress did not respond to the RFP request.

When evaluating the TPA options for 2020 the following categories of criteria were used to assess and rate each option: general information; claims processing and administration; claims adjudication and reporting; provider network; fees and conditions; and rating and local office preference. A formal scoring evaluation and weighted scoring system based upon the relative importance of each category were assigned.

The provider network was given the highest weighting in the evaluation due to the importance to members of having a strong national and comprehensive network and the importance in network discounts in controlling health care costs. UMR is a very broad and national network and has all of the major hospital systems in Southeast Wisconsin. Also, as a United Healthcare-owned company, the network that UMR utilizes (Choice Plus) is very strong and has negotiated some of the best provider discounts in the industry. On average, health care costs have been discounted close to 50% over the past several years through UMR. The Choice Plus UMR network also receives the best pricing on stop loss insurance due to the strong provider discounts that they have contracted. Changing to a different TPA would lead to a reduction in provider discounts, which would result in an increase to MMSD health care costs or to a network that excludes some major local provider systems.

The UMR administration and network access fee for 2019 is \$38.87 per employee per month. (PEPM). UMR has proposed to keep the rate the same for 2020 and 2021, with an increase to \$39.97 (2.99%) PEPM for 2022.

KEY ISSUES

Authorizing the Executive Director to Enter into Contracts for Health Care Administration Services for District Group Health Insurance Benefits Effective January 1, 2020

The District received four proposals from the following health care administrators: UMR, Auxiant, Humana, and Anthem.

The request for proposal included health care administration and provider networks. MMSD and the Horton Group evaluated all the components of the proposals received to obtain the best package for the District with the least amount of disruption to the employees. Based on the evaluation of those proposals, staff is recommending the following:

- Health Care Administration – UMR
- Network Administration – UHC Choice Plus network

In addition to the medical administration fees, the utilization and case management fee will remain at \$3.81 PEPM for 2020 and 2021 with an increase to \$4.04 for 2022.

RESOLUTION

Authorizing the Executive Director to Enter into Contracts for Health Care Administration Services for District Group Health Insurance Benefits Effective January 1, 2020

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to enter into a contract with UMR to provide health care administration with the network of UHC Choice Plus for District active employees and pre-Medicare eligible retirees for the period of January 1, 2020, through December 31, 2022, at a cost of \$38.87 per employee per month for health care administration for 2020 and 2021 and of \$39.97 per employee per month for 2022, with utilization review and case management services fees of \$3.81 per employee per month for 2020 and 2021 and \$4.04 per employee per month for 2022.



COMMISSION FILE NO: 19-131-9 **DATE INTRODUCED:** September 9, 2019

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 the Executive Director to Participate in WaterMarks Initiative

SUMMARY:

The Commission is requested to authorize the Executive Director to participate in the WaterMarks initiative.

WaterMarks' overall objective is to increase the knowledge of City of Milwaukee (City) residents as it pertains to water and its importance to the community. One aspect of its initiative is to install poles (WaterMarkers) within the City which are illuminated when heavy rains are forecasted. The illuminated poles alert residences to minimize their water use.

WaterMarks is working with several partners to install WaterMarkers throughout the City. A partner(s) would be found to finance the installation costs. A funding partner has been found for five WaterMarkers with one of the five having been installed on Acosta School property. A different partner, Veolia Water Milwaukee (Veolia), will finance the maintenance costs. With Commission approval, the District's participation would include owning and insuring the WaterMarkers as well as obtaining any necessary real estate rights.

The benefit of this initiative is to reduce the amount of water requiring treatment during heavy rain storms and thereby reducing the risks of overflows and decreasing the cost of treatment.

The anticipated out of pocket costs to the District are expected to be de minimis, as there is no incremental cost of the District's property insurance to cover the WaterMarkers. The District is self-insured for general liability insurance. Due to the anticipated placement of WaterMarkers on public property and/or the property of WaterMarks partners, staff does not anticipate any out of pocket costs associated with obtaining real estate rights.

ATTACHMENTS: **BACKGROUND** **KEY ISSUES** **RESOLUTION**
FISCAL NOTE **S/W/MBE** **OTHER** _____

*PFM_WaterMarks_legislative_file.docx
08-26-19*

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

BACKGROUND

Authorizing the Executive Director to Participate in WaterMarks Initiative

WaterMarks is an initiative to develop an inclusive and urban-scaled vision for the City, designed to help its residents better understand their relationships to the water systems and infrastructure that support their lives. This is envisioned as a multi-layered framework that can be implemented over time.

The project intention is to develop a dispersed series of projects, designed to engage citizens in varying capacities throughout the city, and in their own communities. Initial project interventions will be strategically embedded into the existing water fabric of the City, as catalysts to incrementally populate the City with further projects by other artists. Furthermore, a series of public programs, citywide initiatives and community events will be developed to further support the creation of a tangible, intimate understanding of and engagement with water.

The overall objective will be to increase water IQ throughout the City to help create a new public narrative around water where residents recognize water as resource and responsibility, vital to life as well as general wellbeing across the region.

The current team associated with the WaterMarks initiative is being led by City as a Living Laboratory (CALL). CALL is a nonprofit arts organization based in New York City. CALL works to address environmental degradation and climate change in urban communities through large-scale projects led by founding artist Mary Miss with other artists and scientists. Mary Miss created WaterMarks to call out unique points of interest in Milwaukee's water story and to provide interactive, place-based experiences for residents to connect to this vital resource. Other team members include:

Haggerty Museum of Art

The Haggerty Museum of Art is an academic art museum at Marquette University. The Haggerty Museum of Art excels at advancing interdisciplinary education and critical thinking through aesthetic experiences that fuel active inquiry and discussion. The Haggerty Museum of Art supported a residency for artist Mary Miss to develop the full proposal for WaterMarks and collaborated with core community partners to develop walks, workshops, and proposals to activate the project sites and engage Milwaukee residents in meaningful conversations about water through the arts.

Reflo: Sustainable Water Solutions

Reflo is a nonprofit organization based in Milwaukee that collaborates with community partners to provide cost effective and sustainable solutions for rainwater and greywater use in urban environments. Reflo worked closely with WaterMarks partners to capture water stories generated by Milwaukee residents and develop digital content to accompany the marker.

BACKGROUND (Cont'd)

Authorizing the Executive Director to Participate in WaterMarks Initiative

UCC Acosta Middle School

UCC Acosta Middle School is a nonprofit technology and skilled-trades focused charter school that equips students with skills that make them competitive candidates for excellent high school, college, and future career opportunities. UCC Acosta Middle School voraciously took on WaterMarks, co-creating programming for students inside and outside the classroom. Students and teachers worked with WaterMarks partners to explore water infrastructure in their neighborhood, collect water stories from family and friends, and host a workshop where students chose the letter to top the first marker.

Institute of Museum and Library Services

The Institute of Museum and Library Services supports and empowers America's museums, libraries, and related organizations through grantmaking, research, and policy development. The Institute of Museum and Library Services awarded the Community Catalyst Grant to the Haggerty Museum of Art to create a transformative opportunity for the museum to collaborate in new ways with communities through WaterMarks.

As part of Project W40002, Kinnickinnic River Pulaski Park, the District will finance the purchase and installation of a WaterMarker, expected to cost no more than \$50,000. Veolia will maintain the WaterMarker.

RESOLUTION

Authorizing the Executive Director to Participate in WaterMarks Initiative

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to own and insure WaterMarkers and obtain necessary real estate rights for WaterMarkers as part of the WaterMarks initiative.

FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to execute on behalf of the Commission all purchase agreements, contracts for sale of real estate, deeds of conveyance, easements, memorandums of understanding, intergovernmental cooperation agreements, leases, permits, licenses, or any other related real estate documents to carry out the terms of this resolution, including authority to purchase and control the Pulaski Park WaterMarker in an amount not to exceed \$50,000.

FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director's participation in the WaterMarks initiative be contingent upon the cost of the District's involvement being de minimis, except for the Pulaski Park WaterMarker.



COMMISSION FILE NO: 19-132-9 **DATE INTRODUCED:** September 9, 2019

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: Insurance Coverage Purchase or Renewal for General Operations and Pollution

SUMMARY:

The Commission is requested to authorize the Executive Director to renew, to purchase, or to direct the District's insurance broker to renew or purchase insurance policies for the policy period of October 1, 2019, through September 30, 2020, as shown in Table 1.

The Commission is further requested to authorize the Executive Director to renew, to purchase, or to direct the District's insurance broker to renew or purchase environmental and excess environmental insurance policies for the policy period of October 1, 2019, through September 30, 2022, as shown in Table 2.

The Commission is further requested to authorize the Executive Director to purchase or to direct the District's insurance broker to purchase the fiduciary liability and employment practices liability insurance policies for the policy period of October 1, 2019, through September 30, 2020, as shown in Table 3.

The Commission is further requested to authorize the Executive Director to execute Amendment No. 1 to Contract P-2732, Insurance Broker Services, with Hays Companies of Wisconsin (Hays) in an amount not to exceed \$7,280 for solicitation and administration of new policies for fiduciary liability and employment practices liability coverage over the remainder of its contract.

ATTACHMENTS: BACKGROUND KEY ISSUES RESOLUTION
FISCAL NOTE S/W/MBE OTHER _____

*PFP_2019InsuranceRenewalGeneralOperations_legislative_file.docx
08-26-19*

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

SUMMARY (Cont'd)

Insurance Coverage Purchase or Renewal for General Operations and Pollution

TABLE 1: Policy to Renew or Purchase	Proposed Insurer	Expiring Annualized Premium	Estimated Annual Premium	Increase/ (Decrease)
Property/Equipment Breakdown	XL Insurance America, Inc. (AXA XL)	\$574,433	\$677,530	\$103,097
Excess Property/Equipment Breakdown	TBD	\$0	\$400,000	\$400,000
Commercial Vehicle	EMC Insurance Companies	\$28,597	\$31,377	\$2,780
Excess Workers Compensation	Midwest Employers Casualty	\$65,621	\$67,927	\$2,306
Commercial Excess Liability	Cincinnati Insurance Co.	\$12,413	\$9,742	(\$2,672)
Marine Protection & Indemnity and Hull	Atlantic Specialty Insurance Co. (IMU)	\$19,788	\$17,389	(\$2,399)
Excess Protection & Indemnity	Atlantic Specialty Insurance Co. (IMU)	\$5,113	\$5,460	\$347
Commercial Crime	National Union Fire Insurance Co. (AIG)	\$7,909	\$7,988	(\$79)
Cyber Liability	Hiscox (Underwriters at Lloyd's of London)	\$18,653	\$18,274	(\$379)
	Total All Policies	\$732,527	\$1,235,687	\$503,160
	Total Excluding Property	\$158,094	\$158,157	\$63

SUMMARY (Cont'd)

Insurance Coverage Purchase or Renewal for General Operations and Pollution

TABLE 2: Policy to Renew or Purchase	Proposed Insurer	Expiring Annualized 36 Month Premium	Estimated 36 Month Premium	Increase / (Decrease)
Environmental	Tokio Marine Specialty Insurance Company	\$135,045	\$131,476	(\$3,569)
Excess Environmental	Allianz Underwriters Insurance Company	\$58,561	\$56,935	(\$1,626)
	Total	\$193,606	\$188,411	(\$5,195)

TABLE 3: New Policies to Purchase	Proposed Insurer	Expiring Annual Premium	Estimated Annual Premium	Increase / (Decrease)
Fiduciary Liability	Federal Insurance Company (Chubb)	n/a	\$3,284	\$3,284
Employment Practices Liability	Zurich American Insurance Company	n/a	\$8,850	\$8,850
	Total	\$0	\$12,134	\$12,134

KEY ISSUES

Insurance Coverage Purchase or Renewal for General Operations and Pollution

Enter 2019, the District is seeing more changes in the insurance marketplace with hardening of pricing in several areas such as:

- The property insurance market outlook has continued to deteriorate causing insurers and reinsurers to reprice their books and substantially increase premiums. There is increasing underwriting scrutiny of risk exposures, and insurers are reducing the capacity that they offer on individual accounts are restricting coverage. This is partially due to wild fires on the west coast and flooding in the midwest and south.
- Industry-wide automobile pricing has been increasing for most insureds over the last few years due to the increasing number of auto claims and the cost of repairs.
- Excess liability markets are increasing their premium to follow primary general liability and auto pricing.

For the policies renewing October 1, 2019, placed by Hays Companies (Hays), excluding the property policy, the renewal premium is \$884 or 2.9% less than the expiring premium due to current insurance market conditions, changed rating bases, and negotiations with insurers. Various lines were marketed to assure both premium and coverage was at or better than market.

For all policies subject to this resolution and shown in the premium charts terms and conditions, deductibles, and insurance carriers remain unchanged except as noted. The following is an explanation of the marketing results and changes in the estimated premium for these policies. A.M. Best Company, an insurance company rating agency, assigns all proposed carriers a rating of A or above (excellent).

- **Property/Equipment Breakdown.** Due to the turmoil in the property insurance market and the resulting widespread marketing efforts on virtually every large property account, property underwriters are handling an extremely high number of submissions. As a result, it is even more difficult to gain a firm quotation far enough ahead of the District's October 1 renewal to meet Commission agenda deadlines.

The incumbent, AIG, is generally only offering "quota share" participation, and has not yet offered renewal terms. (In a quota share program, multiple insurers participate to provide 100% of the policy limit.)

Hays has approached numerous other property insurers and is in negotiations pursuing additional options.

KEY ISSUES (Cont'd)

Insurance Coverage Purchase or Renewal for General Operations and Pollution

At this time, Hays currently has one bindable quote.

- AXA XL has provided a quote with a \$750Mil each occurrence limit for a premium of \$677,530. A core deductible of \$250,000 each occurrence would apply. Hays is in negotiations with AXA XL for a potential option with a \$1 billion limit.
 - The expiring policy limit is \$1.6 billion each occurrence with a core deductible of \$100,000 each occurrence.
 - Hays is pursuing additional primary and excess options.
 - Hays estimates the range for additional primary or excess insurance is \$250,000-\$400,000.
- **Commercial Vehicle Physical Damage and Liability.** Commercial vehicle liability coverage includes a \$1 million limit with no deductible. Physical damage coverage is included with \$1,000 comprehensive and collision deductibles. The renewal premium quoted by the current carrier, EMC reflects three additional vehicles with annualized premium up 10% of which 9.72% of that increase is due to rate. Auto is not a policy type that insurers want to provide on a monoline basis. Three insurers were approached for this policy.
 - **Excess Workers' Compensation.** The District self-funds the primary workers' compensation exposure and purchases an excess policy providing coverage excess of a \$450,000 per occurrence retention up to the Wisconsin statutory limits. The premium is based upon payrolls and employee job classification codes. The District's payroll estimates for 2019 are up three percent. Hays negotiated a minimal rate increase of .50%. Two insurers were approached for this policy.
 - **Commercial Excess Liability.** This policy provides a limit of \$10 million above the primary automobile liability and employer's liability policies. The renewal premium quoted by the incumbent, Navigators, represented an 18% increase. Hays gained an alternative quote from Cincinnati Insurance Company for \$9,742, which is a 22% reduction compared to expiring. Additional limits options were provided.
 - **Protection and Indemnity and Hull (Marine).** Premiums for marine liability are based in part on the size, type, and usage of the vessels, the number of crew members, and maximum number of passengers. The limit of coverage is \$1 million with a \$5,000 deductible. Coverage is included for the two District vessels, as the Orp was removed from service recently. Hull premium is based on the values of the vessels insured. The renewal premium from incumbent insurer, IMU, is down \$2,399 or 12% compared to the expiring policy due to removal of the Orp. These coverages have been marketed each of the previous three years.

KEY ISSUES (Cont'd)

Insurance Coverage Purchase or Renewal for General Operations and Pollution

- **Excess Protection and Indemnity (Marine).** Premium for excess marine liability is primarily based on the underlying policy premium. The limit of coverage is \$4 million. The renewal premium from incumbent insurer, IMU, is \$347 higher than the expiring policy.
- **Commercial Crime.** Crime coverage is provided by National Union Fire Insurance Company of Pittsburgh, PA, (AIG) with limits up to \$2 million with a \$150,000 deductible. Renewal premium is \$79 higher than expiring. Three insurers were approached.
- **Cyber Liability.** Hiscox expanded their coverage form this year, which expanded many sublimits. Premium is also down \$379. Coverage is \$5 million with a \$50,000 retention. The policy was marketed broadly last year.
- **Environmental.** This policy was on a three-year policy term, which renews this year. Coverage is provided via a \$15 million per occurrence/\$15 million aggregate primary policy through Tokio Marine Specialty Insurance. For the 2019 renewal, staff negotiated early with the incumbent insurers and secured a 2.7% premium reduction from the insurers. Given the fact that the District had negotiated significant coverage enhancements in 2016 that would be difficult to match in the marketplace along with the premium reduction negotiated, the District did not recommend marketing to alternative insurers. In addition, the District can to maintain a three-year renewal term. Overall premium is down \$3,569 or three percent. The policy form changed this year, and major changes have been reviewed and determined to have low impact.
- **Excess Environmental.** This policy was on a three-year policy term, which renews this year. This policy provides a limit of \$7 million per occurrence and \$17 million aggregate. The insurer is Allianz. Premium is down by \$1,626, and coverage follows the underlying Tokio Marine policy.

The remaining policies would all be new, providing coverage for previously self-insured exposures:

- **Fiduciary Liability.** Fiduciary liability insurance protects benefit plan fiduciaries that may be held personally liable for losses to a benefit plan incurred as a result of an alleged error, omission, or breach of fiduciary duty. This policy also protects the plan sponsor, the commissioners, and the plans themselves. Three insurers were approached, and two offered proposals. The premium for a \$2 million limit from Chubb is \$3,284 (with no deductible).

KEY ISSUES (Cont'd)

Insurance Coverage Purchase or Renewal for General Operations and Pollution

- **Employment Practices Liability (EPL).** EPL insurance provides protection from employment-related claims. First-party and third-party coverage is included. Five insurers were approached. Two declined, as they do not write this type of coverage for governmental entities. Of the remaining insurers, Zurich offered a standalone EPL option with a \$1 million limit with an additional \$1 million limit of liability for defense costs. A \$50,000 retention applies to each claim. Premium is \$8,850.

Hays is the District's broker for all the policies listed above, other than the new policies shown immediately above. Staff is requesting to amend Contract P-2732 with Hays Companies for brokering and servicing fees associated with fiduciary liability and employment practices liability policies to coincide with staff's recommendation to purchase said policies. The proposed additional broker fee is \$1,820 per year in which coverage is bound. The small, women, and minority business enterprise (SWMBE) partner associated with the overall contract would have no responsibility or involvement with these placements; therefore, staff recommends waiving the SWMBE allocation for this portion of the contract.

The annual additional Hays fee of \$1,820 would apply to each year these policies are bound (four) within the contract period of the existing contract for a total of \$7,280. The District's contract with Hays expires April 1, 2023; therefore, the contract amendment total would be \$7,280.

RESOLUTION

Insurance Coverage Purchase or Renewal for General Operations and Pollution

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to renew, to purchase, or to direct the District's insurance broker to renew or to purchase the following insurance policies for the policy period of October 1, 2019, through September 30, 2020, in the following amounts:

- Property/Equipment Breakdown through AXA XL for an estimated annual premium of \$677,530.
- Excess Property/Equipment Breakdown through a firm to be determined in an estimated annual premium of \$400,000.
- Commercial Vehicle policy through EMC Insurance for an estimated annual premium of \$31,377.
- Excess Workers Compensation policy through Midwest Employers Casualty for an estimated annual premium of \$67,927.
- Commercial Excess Liability policy through Cincinnati for an estimated annual premium of \$9,742.
- Marine Protection and Indemnity and Hull policy through IMU for an estimated annual premium of \$17,389.
- Excess Protection and Indemnity policy through IMU for an estimated annual premium of \$5,460.
- Commercial Crime policy through AIG for an estimated annual premium of \$7,988.
- Cyber Liability policy through Hiscox for an estimated annual premium of \$18,274.

FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to renew, to purchase, or to direct the District's insurance broker to renew or to purchase the Environmental policy through Tokio Marine for an estimated 36-month premium of \$131,476 and the Excess Environmental policy through Allianz for an estimated 36-month premium of \$56,935, both having a policy period of October 1, 2019, through September 30, 2022.

FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to purchase or to direct the District's insurance broker to purchase:

- Fiduciary Liability policy through Federal/Chubb for an estimated annual premium of \$3,284.
- Employment Practices Liability Insurance through Zurich for an estimated annual premium of \$8,850.

FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that, in the event the District's insurance broker can obtain lower premiums from these or other insurance carriers for the same coverage and deductibles, the Executive Director is authorized to renew any of these policies with the lower cost insurance carrier.

RESOLUTION (Cont'd)

Insurance Coverage Purchase or Renewal for General Operations and Pollution

FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized and directed to execute Amendment No. 1 to Contract P-2732, Insurance Broker Services, with Hays Companies of Wisconsin in an amount not to exceed \$7,280.



O&M Budget Fiscal Note

RELATING TO:

Insurance Coverage Purchase or Renewal for General Operations and Pollution

Cost Center:	Line Item:
Finance _____	630 Insurance Premiums _____

Line Item Impact	
2019 Original Budget	\$822,000
Carryovers or Transfers	\$0
Adjusted Budget	\$822,000
Estimated Annual Expenditure including Request	\$859,255
Anticipated Year End Balance	(\$37,255)
Actual Year to Date Expenditures Through 8/26	\$433,115

For unfavorable Year End Balance, identify funding source: Absorbed within the Division
 Other Division
 Unallocated Reserve

Anticipated Expenditure Timing	Requested Expenditures	Anticipated Savings/Revenues	Net Fiscal Impact
Current Year (2019)	\$310,674	\$0	\$310,674
Subsequent	\$1,057,631	\$0	\$1,057,631
Total Cost	\$1,368,305	\$0	\$1,368,305

Comments: The above calculations include all insurance coverage renewals except for excess workers' compensation. Excess workers' compensation is expensed in line item 544 in Fringe Benefits.

Budget Review by: _____	Date _____
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O&M Budget Fiscal Note

RELATING TO:

Insurance Coverage Purchase or Renewal for General Operations and Pollution

<p>Cost Center: Fringe Benefits _____</p>	<p>Line Item: 544 Excess Workers Compensation _____</p>																
<p>Line Item Impact</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">2019 Original Budget</td> <td style="text-align: right; border-bottom: 1px solid black;">\$120,000</td> </tr> <tr> <td>Carryovers or Transfers</td> <td style="text-align: right; border-bottom: 1px solid black;">\$0</td> </tr> <tr> <td>Adjusted Budget</td> <td style="text-align: right; border-bottom: 1px solid black;">\$120,000</td> </tr> <tr> <td>Estimated Annual Expenditure including Request</td> <td style="text-align: right; border-bottom: 1px solid black;">\$120,000</td> </tr> <tr> <td>Anticipated Year End Balance</td> <td style="text-align: right; border-bottom: 1px solid black;">\$0</td> </tr> <tr> <td>Actual Year to Date Expenditures Through 8/26</td> <td style="text-align: right; border-bottom: 1px solid black;">\$57,902</td> </tr> </table> <p>For unfavorable Year End Balance, identify funding source: <input type="checkbox"/> Absorbed within the Division <input type="checkbox"/> Other Division <input type="checkbox"/> Unallocated Reserve</p>		2019 Original Budget	\$120,000	Carryovers or Transfers	\$0	Adjusted Budget	\$120,000	Estimated Annual Expenditure including Request	\$120,000	Anticipated Year End Balance	\$0	Actual Year to Date Expenditures Through 8/26	\$57,902				
2019 Original Budget	\$120,000																
Carryovers or Transfers	\$0																
Adjusted Budget	\$120,000																
Estimated Annual Expenditure including Request	\$120,000																
Anticipated Year End Balance	\$0																
Actual Year to Date Expenditures Through 8/26	\$57,902																
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Anticipated Expenditure Timing</th> <th style="text-align: center; border-bottom: 1px solid black;">Requested Expenditures</th> <th style="text-align: center; border-bottom: 1px solid black;">Anticipated Savings/Revenues</th> <th style="text-align: center; border-bottom: 1px solid black;">Net Fiscal Impact</th> </tr> </thead> <tbody> <tr> <td>Current Year (2019)</td> <td style="text-align: right; border-bottom: 1px solid black;">\$16,405</td> <td style="text-align: right; border-bottom: 1px solid black;">\$0</td> <td style="text-align: right; border-bottom: 1px solid black;">\$16,405</td> </tr> <tr> <td>Subsequent</td> <td style="text-align: right; border-bottom: 1px solid black;">\$50,945</td> <td style="text-align: right; border-bottom: 1px solid black;">\$0</td> <td style="text-align: right; border-bottom: 1px solid black;">\$50,945</td> </tr> <tr> <td>Total Cost</td> <td style="text-align: right; border-bottom: 1px solid black;">\$67,350</td> <td style="text-align: right; border-bottom: 1px solid black;">\$0</td> <td style="text-align: right; border-bottom: 1px solid black;">\$67,350</td> </tr> </tbody> </table>		Anticipated Expenditure Timing	Requested Expenditures	Anticipated Savings/Revenues	Net Fiscal Impact	Current Year (2019)	\$16,405	\$0	\$16,405	Subsequent	\$50,945	\$0	\$50,945	Total Cost	\$67,350	\$0	\$67,350
Anticipated Expenditure Timing	Requested Expenditures	Anticipated Savings/Revenues	Net Fiscal Impact														
Current Year (2019)	\$16,405	\$0	\$16,405														
Subsequent	\$50,945	\$0	\$50,945														
Total Cost	\$67,350	\$0	\$67,350														

Comments: The District is self-funded for workers' compensation insurance. The actual year-end variance is contingent on actual claims throughout the remainder of the year.

<p>Budget Review by: Christine Durkin _____</p>	<p>Date _____ 8/26/2019 _____</p>
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O&M Budget Fiscal Note

RELATING TO:

Insurance Coverage Purchase or Renewal for General Operations and Pollution

Cost Center:	Line Item:
Finance _____	645 Professional Services _____

Line Item Impact			
2019 Original Budget		\$141,000	
Carryovers or Transfers		\$0	
Adjusted Budget		\$141,000	
Estimated Annual Expenditure including Request		\$141,000	
Anticipated Year End Balance		\$0	
Actual Year to Date Expenditures Through 8/26		\$35,522	
For unfavorable Year End Balance, identify funding source: <input type="checkbox"/> Absorbed within the Division			
<input type="checkbox"/> Other Division			
<input type="checkbox"/> Unallocated Reserve			
Anticipated Expenditure Timing	Requested Expenditures	Anticipated Savings/Revenues	Net Fiscal Impact
Current Year (2019)	\$7,280	\$0	\$7,280
Subsequent	\$0	\$0	\$0
Total Cost	\$7,280	\$0	\$7,280

Comments:

Budget Review by:	Date
Christine Durkin _____	8/26/2019 _____



COMMISSION FILE NO: 19-133-9 **DATE INTRODUCED:** September 9, 2019

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: Transferring Additional Money to the Debt Service Fund

SUMMARY:

The Commission is requested to approve a transfer of \$6,323,070 from working capital to the Debt Service Fund (a sinking fund for the District's bonds) to abate the required 2019 tax levy to \$101,853,429. The transfer requires a two-thirds affirmative vote of the Commission for adoption.

For each District-issued bond or low interest loan from the Clean Water Fund Program, State law requires the District to levy an irrevocable, direct annual tax in an amount sufficient to pay the principal of and interest on the bonds or notes for the following year. The required tax levy may be reduced in any year by the amount of any surplus money in the Debt Service Fund available to pay debt service.

Table 1 details the calculation of the amount to be transferred to the Debt Service Fund. Gross debt service to be paid in 2020 for tax supported obligations is estimated to be \$109,933,499. Gross debt service is reduced by estimated surplus funds in the Debt Service Fund, resulting in net debt service of \$108,176,499. The requested transfer of \$6,323,070 from working capital to the Debt Service Fund would further reduce net debt service and the required tax levy to \$101,853,429, which is a 1.75% increase from last year's levy.

It is the advice of bond counsel that the actual transfer of funds should occur in the month prior to adoption of the tax levy. The Commission will be asked to adopt the 2020 tax levy on October 28, 2019.

ATTACHMENTS: **BACKGROUND** **KEY ISSUES** **RESOLUTION**
FISCAL NOTE **S/W/MBE** **OTHER** _____

PFP_2019_Sinking_Funds_legislative_file.docx
08-28-19

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

SUMMARY (Cont'd)

Transferring Additional Money to the Debt Service Fund

TRANSFERRING ADDITIONAL MONEY TO THE DEBT SERVICE FUND

Table 1

Calculation of Transfer from Working Capital to Debt
Service Fund to Fund General Obligation Debt Service

<u>Series</u>	2020 Debt Service Fund		
	Gross Debt Service	Less Surplus in Debt Service Fund	Net Debt Service
2005A	\$12,633,438	\$79,000	\$12,554,438
2010L	\$3,859,018	\$88,000	\$3,771,018
2015A	\$7,987,875	\$45,000	\$7,942,875
2015C	\$5,233,775	\$45,000	\$5,188,775
2017A	\$5,216,531	\$27,000	\$5,189,531
New Bond	<u>\$1,460,000</u>	<u>\$0</u>	<u>\$1,460,000</u>
Sub-Total	\$36,390,637	\$284,000	\$36,106,637
			\$0
Clean Water Fund Loans	\$73,041,862	\$1,473,000	\$71,568,862
New Clean Water Fund Loans	<u>\$501,000</u>	<u>\$0</u>	<u>\$501,000</u>
Sub-Total	<u>\$73,542,862</u>	<u>\$1,473,000</u>	<u>\$72,069,862</u>
Total Debt Service Sinking Fund	\$109,933,499	<u>\$1,757,000</u>	\$108,176,499
Intergovernmental Loan - Ryan Creek*	<u>\$1,691,786</u>		
Total Debt Service	<u>\$111,625,285</u>		
Less Tax Levy (1.75% increase from prior year)			<u>\$101,853,429</u>
Transfer from Working Capital			<u>\$6,323,070</u>

* This loan is not secured with pledge of tax levy

RESOLUTION

Transferring Additional Money to the Debt Service Fund

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that \$6,323,070 be transferred from working capital to the 2005A Debt Service Fund account on or before September 30, 2019, to abate a like amount of the 2019 tax levy for 2020 purposes.



COMMISSION FILE NO: 19-134-9 **DATE INTRODUCED:** September 9, 2019

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 One Series of General Obligation Sewerage System Promissory Notes, Levying Taxes for the Payment Thereof, and All Related Details

SUMMARY:

As part of the State of Wisconsin Clean Water Fund Program (CWFP), the Commission is requested to approve the issuance of up to \$11,032,218 in general obligation notes to finance one capital project. This loan is included in the Milwaukee Metropolitan Sewerage District's 2019 Capital Budget.

Approval of the attached sale resolution will enable the District to finance project expenditures over a 20-year period with one CWFP loan. The District will save an estimated \$1,044,009 in interest costs over the 20-year period of debt repayment by obtaining low interest financing from the CWFP as compared to issuing its own debt (1.76% versus 2.56%).

The State of Wisconsin requires that all borrowing municipalities provide security for repayment of loans. One form of security is a general obligation pledge of ad valorem taxes. This pledge requires a resolution authorizing a sale of general obligation bonds or notes and provides for the collection of a non-repealable direct annual tax to pay the principal and interest on the bonds or notes (i.e., the CWFP loans). The State is the purchaser and owner of the securities.

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

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

*PFP_Sale_Issuance_Promissory_Note_3236_legislative_file.docx
08-26-19*

COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

SUMMARY (Cont'd)

Authorizing and Providing for the Sale and Issuance of One Series of General
Obligation Sewerage System Promissory Notes, Levying Taxes for the Payment
Thereof, and All Related Details

The Commission is requested to approve the issuance of up to \$11,032,218 in general obligation notes as security for one CWFP loan for the following project:

Note Series	CWFP Number	District Project	Project Name	Maximum Loan Amount	Interest Rate
2019C	3236-01	P01005	Interplant Solids Pipeline Improvements – Phase II	\$11,032,218	1.76%
			Total	\$11,032,218	

District projects undertaken to maintain permit compliance are eligible for 20-year loans from the CWFP at an interest rate below the effective rate for state revenue bonds, with market rate funds currently available at 3.20%. The compliance maintenance interest rate is currently 55% of the CWFP market rate or 1.76% (3.20% x 55%).

Estimated principal and interest payments for the loan are as follows.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 0	\$ 0	\$ 0
2020 – 2024	2,028,815	912,065	2,940,880
2025 – 2039	9,003,403	1,239,997	10,243,400
Total	<u>\$11,032,218</u>	<u>\$2,152,062</u>	<u>\$13,184,280</u>

The District will save an estimated \$1,044,009 in interest costs over the 20-year period of debt repayment by obtaining low interest financing from the CWFP as compared to issuing its own debt (1.76% versus 2.56%).

On the date of closing and including this loan, the District's outstanding general obligation debt is anticipated to be \$755,827,036 which is 1.25% of equalized value. Commission Policy is to maintain debt levels below 2.5% of equalized value.

KEY ISSUES

Authorizing and Providing for the Sale and Issuance of One Series of General Obligation Sewerage System Promissory Notes, Levying Taxes for the Payment Thereof, and All Related Details

Each financial assistance agreement (FAA) for a CWFPP loan requires that the borrowing municipality establish one or more dedicated sources of revenue that the State of Wisconsin Department of Administration deems sufficient for repayment of a project loan or loans. The municipality's obligation to repay a project loan may be in the form of a general obligation or a revenue obligation. The District has elected to make a general obligation pledge of ad valorem taxes.

This pledge requires a resolution authorizing a sale of general obligation bonds or notes to finance capital projects and provides for the collection of a direct annual tax sufficient in amount to pay and discharge the principal and interest on these bonds or notes. The bonds or notes are in effect sold to the State of Wisconsin.

The attached sale resolution for the one capital project accomplishes the following objectives:

- Provide low interest rate financing of capital project expenditures within the financing objectives set in the 2019 Capital Budget and long-range financing plan.
- Authorize the District to sell up to \$11,032,218 of notes for the CWFPP to the State of Wisconsin in accordance with the terms and conditions of the FAA.
- Authorize the Commission Chairperson and the Commission Secretary to execute the FAA.
- Provide security for the State of Wisconsin.
- Provide for levying upon all the taxable property in the District, a non-repealable direct annual tax in an amount sufficient to pay the principal and interest on the notes (i.e., the CWFPP loan).
- Provide for continuing disclosure to bondholders in compliance with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission.
- Provide a repayment schedule up to 20 years.

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

RESOLUTION

Authorizing and Providing for the Sale and Issuance of One Series of General Obligation Sewerage System Promissory Notes, Levying Taxes for the Payment Thereof, and All Related Details

WHEREAS, the State of Wisconsin Clean Water Fund Program (CWFP) permits the Milwaukee Metropolitan Sewerage Commission to obtain financial assistance for the construction of eligible wastewater pollution abatement projects; and

WHEREAS, the Commission intends to authorize, sell and issue general obligation sewerage system promissory notes for the CWFP project as described below; and

WHEREAS, the Commission has determined to sell the notes by private rather than public sale due to efficiencies of borrowing through the CWFP, including reduced issuance costs, flexible draw-down of principal and favorable interest rates.

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

“A Resolution Authorizing and Providing for the Sale and Issuance of up to \$11,032,218 General Obligation Sewerage System Promissory Notes, Series 2019C, Levying Taxes for the Payment Thereof, and All Related Details” for CWFP Project Number 3236-01, consisting of work on the abandoned corrosion monitoring components of the Interplant Solids Pipeline at the Jones Island facility, which includes replacement or rebuilding of existing components and installation of new components, in preparation for a future cathodic protection system upgrade.

**A Resolution Authorizing and Providing for the Sale and Issuance of up to
\$11,032,218 General Obligation Sewerage System Promissory Notes, Series 2019C,
Levying Taxes for the Payment Thereof,
and All Related Details**

RECITALS

The Metropolitan Sewerage District Commission (the “**Governing Body**”) of the Milwaukee Metropolitan Sewerage District, Wisconsin (the “**Issuer**”) makes the following findings and determinations:

1. Certain improvements to the Issuer’s sewerage system (the “**System**”) are necessary to meet the needs of the communities served by the System and the residents thereof, consisting of work on the abandoned corrosion monitoring components of the Interplant Solids Pipeline at the Jones Island facility, which includes replacement or rebuilding of existing components and installation of new components, in preparation for a future cathodic protection system upgrade (collectively, the “**Project**”).

2. The Project has been assigned Clean Water Fund Program Project No. 3236-01 by the State of Wisconsin Department of Natural Resources (the “**Department of Natural Resources**”), and as defined in Department of Natural Resources approval letter for the Plans and Specifications of the Project, or portions thereof, issued under Section 281.41 of the Wisconsin Statutes; and assigned Number S-2019-0358 dated May 10, 2019.

3. The Governing Body wishes to borrow the funds needed for the Project by selling and issuing general obligation sewerage system promissory notes pursuant to the provisions of Section 67.12 (12) of the Wisconsin Statutes.

4. The Issuer has taken all actions required by law and has the power to sell and issue the \$11,032,218 Milwaukee Metropolitan Sewerage District, Wisconsin General Obligation Sewerage System Promissory Notes, Series 2019C authorized by this resolution.

RESOLUTIONS

The Governing Body resolves as follows:

Section 1. Definitions.

In this resolution, the following terms have the meanings given in this section, unless the context requires another meaning.

“**Commission Officers**” means the Chairperson and the Secretary of the Governing Body of the Issuer. These are the officers required by law to execute general obligations on the Issuer’s behalf.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of the Original Issue Date, to be executed by the Issuer and delivered on the closing date for the Obligations.

“CWFP” means the State of Wisconsin Clean Water Fund Program.

“Debt Service Fund” means the fund created by the Issuer pursuant to Section 67.11 of the Wisconsin Statutes to provide for the payment of debt service on its general obligations.

“Debt Service Fund Account” has the meaning given in Section 13.

“Treasurer” means the Issuer’s Treasurer.

“Financial Assistance Agreement” means the Financial Assistance Agreement, dated as of the Original Issue Date, by and between the Issuer and the State of Wisconsin by the Department of Natural Resources and the Department of Administration, pursuant to which the Obligations are to be issued and sold to the State, in substantially the form accompanying this resolution and incorporated herein by reference.

“Fiscal Agent” means the Treasurer or any successor fiscal agent appointed by the Issuer to act as authentication agent, paying agent, and registrar for the Obligations pursuant to Section 67.10 (2) of the Wisconsin Statutes.

“Governing Body” means the Issuer’s Metropolitan Sewerage District Commission.

“Issuer” means the Milwaukee Metropolitan Sewerage District, Wisconsin.

“Obligations” means the \$11,032,218 Milwaukee Metropolitan Sewerage District, Wisconsin General Obligation Sewerage System Promissory Notes, Series 2019C, which will be issued pursuant to this resolution.

“Original Issue Date” means October 9, 2019.

“Project” has the meaning given in the recitals to this resolution.

“Purchase Price” means up to \$11,032,218.

“Record Date” means the 15th day (whether or not a business day) of the calendar month just before each regularly scheduled interest payment date for the Obligations.

“Recording Officer” means the Secretary of the Issuer’s Governing Body.

“Register” means the register maintained by the Fiscal Agent at its principal office, in which the Fiscal Agent records:

- (i) The name and address of the owner of each Obligation.
- (ii) All transfers of each Obligation.

“**State**” means the State of Wisconsin Department of Administration.

Section 2. Exhibits.

The attached exhibits are also a part of this resolution as though they were fully written out in this resolution:

- (i) *Exhibit A* — Form of Obligation.
- (ii) *Exhibit B* — Notice to Electors of Sale.

Section 3. Purposes of Borrowing; Issuance of Obligations.

The Governing Body authorizes the Obligations and orders that they be prepared, executed, and issued. The Obligations will be fully registered, negotiable, general obligation sewerage system promissory notes of the Issuer in the principal amount of up to \$11,032,218. The Obligations will be issued pursuant to the provisions of the Financial Assistance Agreement and Section 67.12 (12) of the Wisconsin Statutes to pay the costs of the Project and to pay certain expenses of issuing the Obligations (including, but not limited to, printing costs and fees for financial consultants, bond counsel, rating agencies, insurance, and registration, as applicable).

Section 4. Terms of Obligations.

The Obligations will be named “Milwaukee Metropolitan Sewerage District, Wisconsin General Obligation Sewerage System Promissory Notes, Series 2019C.” The Obligations will be dated the Original Issue Date, even if they are actually issued or executed on another date. Each Obligation will also be dated the date to which it is authenticated by the Fiscal Agent. That date is its registration date.

The face amount of each Obligation will be in denominations of \$.01 or any multiple of \$.01 up to the principal amount authorized for that maturity.

The Obligations will bear interest from the Original Issue Date, or from the date principal evidenced by the Obligations was drawn by the Issuer (as described below), or from the most recent interest payment date to which interest has been paid. Interest will be due and payable on each May 1 and November 1 until the principal of the Obligations has been paid, beginning on May 1, 2020. Interest on each Obligation will be (i) computed on the basis of a 360-day year of twelve 30-day months and (ii) payable to the person or entity in whose name the Obligation is registered on the Register at the end of the day on the applicable Record Date. The Obligations will be numbered consecutively as may be required to comply with any applicable rules or customs or as determined by the Commission Officers executing the Obligations. The Obligations will mature on May 1, 2039 and will bear interest at the rate of 1.76%.

The principal evidenced by the Obligations may be drawn upon by the Issuer in accordance with the Financial Assistance Agreement. The principal of the Obligations so drawn is payable in annual installments on each May 1, beginning on May 1, 2021, in the amounts set forth in the repayment schedule attached as Exhibit B to the Financial Assistance Agreement and in the attached Schedule 2 to Exhibit A. The repayment schedule has been calculated by the State assuming the full principal amount of the Obligations has been drawn by the Issuer on the Original Issue Date. The repayment schedule will be adjusted by the State from time to time based on the actual principal amounts drawn by the Issuer. The principal amounts so drawn shall be repaid in an amount equal to an amount which when amortized over the remaining term of the Obligations plus current payments of interest (but only on amounts drawn) at the interest rate set forth above shall result in equal annual payments of the total of principal of and interest due on the Obligations. The State shall record such draws of principal and principal repayments in the format shown on the attached Schedule 1 to Exhibit A.

The principal of and interest on the Obligations will be payable in lawful money of the United States of America.

Section 5. Fiscal Agent.

The Issuer appoints the Fiscal Agent to act as authentication agent, paying agent, and registrar for the Obligations. Among other things, the Fiscal Agent must maintain the Register.

Section 6. Redemption.

The Obligations are subject to optional redemption prior to maturity only as provided in the Financial Assistance Agreement and upon the written consent of the CWFPP.

Section 7. Manner of Payment/Transfers/Redemption Notices.

Payment. On each principal payment date (whether at maturity, installment payment date, or redemption date) and on each interest payment date, the Fiscal Agent will pay the principal of, and interest on, each Obligation by electronic funds transfer or by check mailed to the person or entity in whose name the Obligation is registered on the Register at the end of the day on the applicable Record Date.

Transfers. Each Obligation is transferable, only upon the Register, for a like aggregate principal amount of the same maturity and interest rate in denominations of \$.01. A transfer may be requested by the registered owner in person or by a person with a written power of attorney. The Obligation must be surrendered to the Fiscal Agent, together with a written instrument of transfer satisfactory to the Fiscal Agent signed by the registered owner or by the person with the written power of attorney. The Issuer will issue one or more new fully registered Obligations in the same aggregate principal amount to the transferee or transferees, as applicable, in exchange for the surrendered Obligations and upon the payment of a charge sufficient to reimburse the Issuer or the Fiscal Agent for any tax, fee, or other governmental charge required to be paid with respect to such registration.

The Fiscal Agent will not be required to make any transfer of the Obligations (i) during the 15 calendar days before the date of any proposed redemption of the Obligations, or (ii) with respect to any particular Obligation, after the Obligation has been called for redemption.

Partial Redemptions. If less than all of the Obligations have been called for redemption, then the State will adjust the principal repayment schedule to reflect such partial redemption.

Notice of Redemption. So long as the CWFPP is the registered owner of the Obligations, no redemption notice is required to be sent in the event of any redemption of the Obligations.

Accrual of Interest. If payment of an Obligation called for redemption has been made or provided for, then interest on the Obligation stops accruing on the stated redemption date.

Register. The Issuer and the Fiscal Agent may treat the entity or person in whose name any Obligation is registered on the Register as the absolute owner of the Obligation for all purposes whatsoever under this resolution.

Section 8. Form of Obligations.

The Obligations shall be in substantially the form shown in Exhibit A. Omissions, insertions, or variations are permitted if they are deemed necessary or desirable and are consistent with this resolution or any supplemental resolution.

Section 9. Execution of Obligations.

The Obligations shall be signed by the persons who are the Commission Officers on the Original Issue Date. The Obligations shall be sealed with the Issuer's corporate seal (or a facsimile), if the Issuer has one, and they shall also be authenticated by the manual signature of the Fiscal Agent.

The Obligations will be valid and binding even if before they are delivered any person whose signature appears on the Obligations is no longer living or is no longer the person authorized to sign the Obligations. In that event, the Obligations will have the same effect as if the person were living or were still the person authorized to sign the Obligations.

A facsimile signature may be used as long as at least one signature of a Commission Officer is a manual signature or the Fiscal Agent's certificate of authentication has a manual signature. If a facsimile signature is used, then it will be treated as the officer's own signature.

Section 10. Continuing Disclosure.

The appropriate officers of the Issuer are directed to sign the Continuing Disclosure Agreement, and the Issuer agrees to comply with all of its terms. The Issuer shall amend the Continuing Disclosure Agreement from time to time as the CWFPP may require and to

conform with any changes in rules or regulations by the Securities and Exchange Commission with respect to continuing disclosure.

Section 11. Sale of Obligations; Financial Assistance Agreement.

The Issuer awards the sale of the Obligations to the CWFP at the Purchase Price, plus any accrued interest from the Original Issue Date to the date of delivery of the Obligations. The Issuer approves and accepts the Financial Assistance Agreement presented by the CWFP to purchase the Obligations and agrees to perform all obligations of the Issuer set forth therein. The Commission Officers are directed to (i) sign the Financial Assistance Agreement in the Issuer's name and (ii) take any additional actions needed to complete the sale of the Obligations, including arranging for a closing of the sale. The Purchase Price for the Obligations shall be paid upon request therefor as provided in the Financial Assistance Agreement.

The Commission Officers are directed to sign the Obligations and to arrange for delivery of the Obligations to the CWFP upon payment by the CWFP of the Purchase Price, plus any accrued interest, as required by this resolution.

Unless waived by the CWFP, the sale of the Obligations is conditioned upon the Issuer furnishing the following items to the CWFP:

- (i) The Obligations, together with the written, unqualified approving opinions of the law firms of MWH Law Group LLP and Foley & Lardner LLP, co-bond counsel, evidencing the legality of the Obligations and that interest on the Obligations will be excluded from gross income for federal income tax purposes.
- (ii) A transcript of the proceedings relating to the issuance of the Obligations.
- (iii) A certificate showing that no litigation has been threatened or is pending that would affect the legality of the Obligations or the right of the Issuer to issue them at the time of their delivery.

Section 12. General Obligation Pledge; Tax Levy.

For the prompt payment of the principal of and interest on the Obligations, the Issuer irrevocably pledges its full faith and credit. The Issuer hereby levies upon all taxable property in its territory a direct, annual, and irrevocable tax in an amount sufficient to pay, and for the express purpose of paying, the interest on the Obligations as it falls due and also to pay and discharge the principal of the Obligations on the principal installment payment dates and at maturity.

This tax shall be carried from year to year into the Issuer's tax roll. It shall be collected in addition to all other taxes and in the same manner and at the same time as all other taxes. The amount of this tax that is carried into the Issuer's tax roll may be reduced in any year by the amount of any surplus money in the Debt Service Fund Account available to pay debt service on the Obligations for such year. Assuming the entire principal amount of the Obligations is drawn, the tax for each year the levy is made will be in the following amounts:

<u>Levy Year</u>	<u>Debt Service Amount Due in Following Year</u>	<u>Levy Year</u>	<u>Debt Service Amount Due in Following Year</u>
2019	\$ 206,032.80	2029	\$ 683,088.90
2020	683,828.03	2030	682,999.37
2021	683,751.52	2031	682,908.28
2022	683,673.66	2032	682,815.58
2023	683,594.43	2033	682,721.25
2024	683,513.81	2034	682,625.26
2025	683,431.76	2035	682,527.58
2026	683,348.27	2036	682,428.18
2027	683,263.32	2037	682,327.02
2028	683,176.87	2038	682,224.09

Section 13. Debt Service Fund Account.

The Issuer shall create a separate account within the Debt Service Fund solely for the Obligations (the “**Debt Service Fund Account**”), which shall be maintained and administered as provided in Section 67.11 of the Wisconsin Statutes. The Treasurer is directed to keep the proceeds of the taxes levied under this resolution, when they are collected, in the Debt Service Fund Account. Any accrued interest received at the time of delivery of the Obligations and the premium, if any, paid to the Issuer by the CWFPP in excess of the stated principal amount of the Obligations must be deposited into the Debt Service Fund Account and used to pay interest on the Obligations. If the money in the Debt Service Fund Account is insufficient to make a payment of principal of or interest on the Obligations on a date on which such a payment is due, then the Issuer will promptly provide the necessary funds to make the payment from other available sources. Money in the Debt Service Fund Account may be temporarily invested as provided in Section 66.0603 (1m) of the Wisconsin Statutes.

Section 14. Borrowed Money Fund.

In accordance with Section 67.10(3) of the Wisconsin Statutes, the sale proceeds of the Obligations (not including any accrued interest or premium received) shall be deposited and kept by the Treasurer in a separate fund. The fund shall be designated with both the name of the Obligations and the name Borrowed Money Fund (herein referred to as the “**Borrowed Money Fund**”). Money in the Borrowed Money Fund, including any earnings, shall be (i) used to pay the costs of the Project, the costs of issuing the Obligations, and the costs of investing amounts in the Borrowed Money Fund, or (ii) transferred to the Debt Service Fund Account as provided by law. Money in the Borrowed Money Fund may be temporarily invested as provided in Section 66.0603 (1m) of the Wisconsin Statutes; *provided, however*, that pursuant to the terms

of the Financial Assistance Agreement, money in the Borrowed Money Fund must be disbursed within three business days after the Original Issue Date, or the date of receipt by the Issuer of any draws of principal on the Obligations, and must not be invested in an interest bearing account.

Section 15. Publication of Notice.

The Recording Officer is directed to publish notice that the Issuer has agreed to sell the Obligations. The notice shall be published in the Issuer's official newspaper as a class 1 notice under Chapter 985 of the Wisconsin Statutes promptly after the execution of the Financial Assistant Agreement. The notice shall be in substantially the form shown in Exhibit B. The Recording Officer shall obtain proof, in affidavit form, of the publication, and shall compare the notice as published with the attached form to make sure that no mistake was made in publication.

Section 16. Authorization of Officers.

The appropriate officers of the Issuer are directed to prepare and furnish the following items to the CWFP and the attorneys approving the legality of the Obligations:

- (i) Certified copies of proceedings and records of the Issuer relating to the Obligations and to the financial condition and affairs of the Issuer.
- (ii) Other affidavits, certificates, and information that may be required to show the facts about the legality of the Obligations, as such facts appear on the books and records under the officer's custody or control or as are otherwise known to the officer.

All certified copies, affidavits, certificates, and information furnished for such purpose will be representations of the Issuer as to the facts they present.

Section 17. Tax Law Covenants.

The Issuer covenants that it will comply with all requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, that must be satisfied so that interest on the Obligations will be excluded from gross income for federal income tax purposes.

Section 18. Amendments.

This resolution may (i) be amended from time to time without the written consent of the CWFP, to cure any ambiguity, administrative conflicts, formal defect, or omission or procedural inconsistency of this resolution, and (ii) be amended from time to time with the written consent of the CWFP, to modify any terms of the Obligations deemed necessary or advisable by the Issuer or the CWFP.

In the event the CWFP sells all or a portion of the Obligations, written consent referred to in (ii) above shall be required by the owners of not less than two-thirds of the principal amount then outstanding of the Obligations.

Section 19. Further Authorization.

The Issuer authorizes its officers, attorneys, and other agents or employees to do all acts required of them to carry out the purposes of this resolution.

Section 20. Conflict with Prior Acts.

In case any part of a prior action of the Governing Body conflicts with this resolution, that part of the prior action is hereby rescinded.

Section 21. Severability of Invalid Provisions.

If a court holds any provision of this resolution to be illegal or invalid, then the illegality or invalidity shall not affect any other provision of this resolution.

Section 22. Resolution Effective upon Adoption and Approval.

This resolution takes effect upon its adoption and approval in the manner provided by law.

[Signature Page Follows]

Adopted: September 23, 2019.

Kris Martinsek
Commission Chairperson

Anna Kettlewell
Commission Secretary

EXHIBIT A
FORM OF OBLIGATION

STATE OF WISCONSIN
MILWAUKEE METROPOLITAN SEWERAGE DISTRICT

No. R-1

Registered
\$11,032,218

GENERAL OBLIGATION SEWERAGE SYSTEM PROMISSORY NOTE,
SERIES 2019C

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
1.76%	May 1, 2039	October 9, 2019	None

REGISTERED OWNER: STATE OF WISCONSIN CLEAN WATER FUND PROGRAM

PRINCIPAL AMOUNT: ELEVEN MILLION THIRTY-TWO THOUSAND TWO HUNDRED EIGHTEEN DOLLARS

THE MILWAUKEE METROPOLITAN SEWERAGE DISTRICT, WISCONSIN (herein called the “**Issuer**”), hereby acknowledges itself to owe and for value received promises to pay the Principal Amount to the Registered Owner on the Maturity Date or earlier installment payment date (as hereinafter described), and interest on the Principal Amount from the Original Issue Date at the annual rate of the Interest Rate. The actual interest amount due is based on the amount of principal drawn, from the dates so drawn (as hereinafter described), or from the most recent interest payment date to which interest has been paid. Interest is due and payable on each May 1 and November 1 until the Principal Amount has been paid, beginning on May 1, 2020. Interest is computed on the basis of a 360-day year of twelve 30-day months.

This Obligation is one of a duly authorized issue of notes (the “**Obligations**”) of the Issuer of an aggregate principal amount of \$11,032,218, all of like tenor, except as to denomination, issued by the Issuer pursuant to the provisions of Section 67.12 (12) of the Wisconsin Statutes, and is authorized by the resolution duly adopted by the governing body of the Issuer on September 23, 2019, entitled: “A Resolution Authorizing and Providing for the Sale and Issuance of up to \$11,032,218 General Obligation Sewerage System Promissory Notes, Series 2019C, Levying Taxes for the Payment Thereof, and All Related Details” (the “**Resolution**”). The Obligations are issuable only in the form of fully registered notes.

The Principal Amount evidenced by this Obligation may be drawn upon by the Issuer in accordance with the Financial Assistance Agreement (as defined in the Resolution).

The Principal Amount so drawn shall be repaid in annual installments on each May 1, beginning on May 1, 2021, in the amounts set forth in the repayment schedule attached as Exhibit B to the Financial Assistance Agreement and in the attached Schedule 2. The repayment schedule has been calculated by the State of Wisconsin Department of Administration (the “**State**”) assuming the full Principal Amount of the Obligations has been drawn by the Issuer on the Original Issue Date. The repayment schedule will be adjusted by the State from time to time based on the actual Principal Amounts drawn by the Issuer. The Principal Amounts so drawn shall be repaid in an amount equal to an amount which when amortized over the remaining term of this Obligation plus current payments of interest (but only on amounts drawn hereunder) at the Interest Rate shall result in equal annual payments of the total of principal of and interest on the Obligations. The State shall record draws of principal and principal repayments in the format shown on the attached Schedule 1.

On each principal payment date (whether at maturity or earlier installment payment or redemption date) and on each interest payment date, the Treasurer of the Issuer (who will act as authentication agent, paying agent, and registrar for the Obligations), or any successor fiscal agent appointed by the Issuer to act as authentication agent, paying agent, and registrar for the Obligations under Section 67.10 (2) of the Wisconsin Statutes (hereinafter called the “**Fiscal Agent**”), will pay the principal of, and interest on, this Obligation by electronic funds transfer or by check mailed to the person or entity in whose name this Obligation is registered on the register (hereinafter called the “**Register**”) maintained by the Fiscal Agent at the end of the 15th day (whether or not a business day) of the calendar month just before a regularly scheduled interest payment date for the Obligations (the “**Record Date**”).

The principal of and interest on this Obligation is payable in lawful money of the United States of America. For the prompt payment of the principal of and interest on this Obligation, the Issuer has irrevocably pledged its full faith and credit. The Issuer has levied upon all taxable property in its territory a direct, annual, and irrevocable tax sufficient in amount to pay, and for the express purpose of paying, the interest on this Obligation as it falls due and the principal of this Obligation on the Maturity Date or earlier installment payment date.

The Obligations are subject to optional redemption prior to maturity only as provided in the Financial Assistance Agreement and upon the written consent of the Registered Owner.

Transfers. Each Obligation is transferable, only upon the Register, for a like aggregate principal amount of the same maturity and interest rate in denominations of \$.01. A transfer may be requested by the registered owner in person or by a person with a written power of attorney. The Obligation shall be surrendered to the Fiscal Agent, together with a written instrument of transfer satisfactory to the Fiscal Agent signed by the registered owner or by the person with the written power of attorney. The Issuer will issue one or more new fully registered Obligations, in the same aggregate principal amount to the transferee or transferees, as applicable, in exchange for the surrendered Obligations and upon the payment of a charge sufficient to reimburse the Issuer or the Fiscal Agent for any tax, fee, or other governmental charge required to be paid with respect to such registration.

The Fiscal Agent will not be required to make any transfer of the Obligations (i) during the 15 calendar days before the date of any proposed redemption of the Obligations, or (ii) with respect to any particular Obligation, after such Obligation has been called for redemption.

Partial Redemptions. If less than all of the Obligations have been called for redemption, then the State will adjust the principal repayment schedule to reflect such partial redemption.

Notice of Redemption. So long as the State of Wisconsin Clean Water Fund Program is the registered owner of the Obligations, no redemption notice is required to be sent in the event of any redemption of the Obligations.

Accrual of Interest. If payment of an Obligation called for redemption has been made or provided for, then interest on the Obligation stops accruing on the stated redemption date.

Register. The Issuer and the Fiscal Agent may treat the entity or person in whose name this Obligation is registered on the Register as the absolute owner of this Obligation for all purposes.

The Issuer certifies, recites, and declares that all acts, conditions, and procedures required by law to exist, to have happened, and to be performed, leading up to and in the issuing of this Obligation and of the issue of which it is a part, do exist, have happened, and have been performed in regular and due form, time, and manner as required by law; that the indebtedness of the Issuer, including this Obligation and the issue of which it is a part, does not exceed any limitation, general or special, imposed by law; and that a valid, direct, annual and irrevocable tax has been levied by the Issuer sufficient to pay the interest on this Obligation when it falls due and also to pay and discharge the principal of this Obligation at maturity or earlier installment payment date.

IN WITNESS WHEREOF, the Issuer, by its governing body, has caused this Obligation to be executed in its name and on its behalf by the manual or facsimile signatures of its Commission Chairperson and Commission Secretary and to be sealed with its corporate seal (or a facsimile thereof), if any, all as of the date specified above.

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT,
WISCONSIN

By: _____
Kris Martinsek
Commission Chairperson

[SEAL]

And: _____
Anna Kettlewell
Commission Secretary

Certificate of Authentication

Dated: October 9, 2019

This Obligation is one of the Obligations described in the Resolution.

By: _____
Treasurer, as Fiscal Agent

SCHEDULE 2

PRINCIPAL REPAYMENT SCHEDULE

<u>Date</u>	<u>Principal Amount</u>
May 1, 2021	\$ 494,008.26
May 1, 2022	502,702.81
May 1, 2023	511,550.38
May 1, 2024	520,553.66
May 1, 2025	529,715.41
May 1, 2026	539,038.40
May 1, 2027	548,525.47
May 1, 2028	558,179.52
May 1, 2029	568,003.48
May 1, 2030	578,000.35
May 1, 2031	588,173.15
May 1, 2032	598,525.00
May 1, 2033	609,059.04
May 1, 2034	619,778.48
May 1, 2035	630,686.58
May 1, 2036	641,786.66
May 1, 2037	653,082.11
May 1, 2038	664,576.35
May 1, 2039	676,272.89

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF ASSIGNEE

[Empty rectangular box for Social Security or other identifying number]

(Please Print or Type Name and Address of Assignee)

the within-mentioned Obligation and all rights thereunder and does hereby irrevocably constitute and appoint _____ attorney-in-fact, to transfer the same on the books of the registry in the office of the Fiscal Agent, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Fiscal Agent. Those requirements include membership or participation in the Securities Transfer Association Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Fiscal Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Note: The signature to this assignment must correspond with the name as written on the face of the within Obligation in every particular, without any alteration or change. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of the person’s authority to act must accompany this Obligation.

EXHIBIT B

NOTICE TO THE ELECTORS
RESIDING IN THE
MILWAUKEE METROPOLITAN SEWERAGE DISTRICT, WISCONSIN
RELATING TO NOTE SALE

On September 23, 2019, pursuant to Section 67.12 (12) of the Wisconsin Statutes, a resolution was offered, read, approved, and adopted whereby the Milwaukee Metropolitan Sewerage District, Wisconsin authorized the borrowing of money and the execution and delivery of a contract to sell general obligation sewerage system promissory notes in the principal amount of up to \$11,032,218. It is anticipated that the closing of this note financing will be held on or about October 9, 2019. A copy of all proceedings had to date with respect to the authorization and sale of said notes is on file and may be examined in the office of the Commission Secretary of the Milwaukee Metropolitan Sewerage District, at 260 West Seeboth Street, Milwaukee, Wisconsin between the hours of 9:00 a.m. and 4:30 p.m. on weekdays.

This notice is given pursuant to Section 893.77 of the Wisconsin Statutes, which provides that an action or proceeding to contest the validity of such financing, for other than constitutional reasons, shall be commenced within 30 days after the date of publication of this notice.

Publication Date: _____, 20__

/s/ Anna Kettlewell
Commission Secretary

POLICY, FINANCE & PERSONNEL COMMITTEE MEETING

September 9, 2019

EXECUTIVE DIRECTOR'S REPORT

19-002-01

A. Monthly Reports

September 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat
<i>1</i>	2 LABOR DAY- MMSD OFFICES CLOSED	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
<i>8</i>	9 Operations Committee-9:00 a.m. PF&P Committee- 9:05 a.m.	<i>10</i>	<i>11</i>	<i>12</i>	<i>13</i>	<i>14</i>
<i>15</i>	<i>16</i>	<i>17</i>	<i>18</i>	<i>19</i>	<i>20</i>	<i>21</i>
<i>22</i>	23 Commission-9:00 a.m. Budget Public Hearing-6:00 p.m.	<i>24</i>	<i>25</i>	<i>26</i>	<i>27</i>	<i>28</i>
<i>29</i>	<i>30</i>					