

4. **O-095-25** AN ORDINANCE APPROVING THE THIRTY-FIFTH SUPPLEMENTAL SEWER AND DRAINAGE SYSTEM REVENUE BOND RESOLUTION ADOPTED BY THE BOARD OF THE LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT AUTHORIZING THE ISSUANCE OF THE DISTRICT'S SEWER AND DRAINAGE SYSTEM REVENUE AND REVENUE REFUNDING BONDS, SERIES 2025.

5/25/25 Metro Council Passed

5/8/25 Budget Committee Recommended for Approval

Sponsors:

ORDINANCE NO. _____, SERIES 2025

AN ORDINANCE APPROVING THE THIRTY-FIFTH SUPPLEMENTAL SEWER AND DRAINAGE SYSTEM REVENUE BOND RESOLUTION ADOPTED BY THE BOARD OF THE LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT AUTHORIZING THE ISSUANCE OF THE DISTRICT'S SEWER AND DRAINAGE SYSTEM REVENUE AND REVENUE REFUNDING BONDS, SERIES 2025.

SPONSORED BY: COUNCIL MEMBERS KRAMER AND WINKLER

WHEREAS, under Chapters 58 and 76 of the Kentucky Revised Statutes (collectively, the "Act"), the Louisville and Jefferson County Metropolitan Sewer District (the "District") has been created and organized as a public body corporate and political subdivision of the Commonwealth of Kentucky, having jurisdiction, control, possession, and supervision of the sewer and drainage system in Louisville and Jefferson County (the "System") and has the power and authority to maintain, operate, reconstruct and improve the System, to make additions, betterments and improvements to the System, and to issue its negotiable interest-bearing notes and bonds for any of its corporate purposes; and

WHEREAS, the District has determined that it is necessary and desirable to issue under its General Bond Resolution the District's Sewer and Drainage System Revenue and Revenue Refunding Bonds, Series 2025 (the "Series 2025 Bonds"), in one or more series, for the purposes of (i) financing the costs of construction and acquisition of improvements to the System (collectively, the "Current Projects"); (ii) refunding any or all of the District's outstanding (a) Sewer and Drainage System Revenue Bonds, Series 2009C (Federally Taxable – Build America Bonds – Direct Payment) (the "Series 2009C Bonds"), (b) Sewer and Drainage System Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds - Direct Payment) (the "Series 2010A Bonds"), (c) Sewer

and Drainage System Revenue Bonds, Series 2014A (the “Series 2014A Bonds”), (d) Sewer and Drainage System Revenue Bonds, Series 2015A (the “Series 2015A Bonds”), (e) Sewer and Drainage System Revenue Refunding Bonds, Series 2015B (the “Series 2015B Bonds”), (f) Sewer and Drainage System Revenue Bonds, Series 2016A (the “Series 2016A Bonds”), and (g) Sewer and Drainage System Revenue Refunding Bonds, Series 2016B (the “Series 2016B Bonds”, together with the Series 2009C Bonds, the Series 2010A Bonds, the Series 2014A Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2016A Bonds, the “Prior Bonds”), in advance of maturity; (iii) paying at maturity Program Notes issued and outstanding as Senior Subordinated Debt under the District’s General Bond Resolution; (iv) making required deposits, if any, to the Reserve Account of the Bond Fund established under the General Bond Resolution; (v) paying costs of credit enhancement for the Series 2025 Bonds, if any; and (vi) paying costs of issuance of the Series 2025 Bonds (such purposes, collectively the “Series 2025 Project”), and the Series 2025 Bonds are to be issued in an aggregate principal amount not in excess of the amount determined by the District to be required to accomplish the Series 2025 Project, including not more than \$150,000,000 to finance the costs of construction and acquisition of the Current Projects, not more than \$100,000,000 to refund Program Notes, and not more than necessary to refund all of a portion of the Prior Bonds in a manner that achieves debt service savings (collectively, the “Maximum Principal Amount”); and

WHEREAS, on March 24, 2025, the Board of the District adopted its Thirty-Fifth Supplemental Bond Resolution (the “Supplemental Resolution”), supplementing the District’s General Bond Resolution, to provide for the issuance and advertised public

competitive sale by the District of the Series 2025 Bonds to provide funds to accomplish the objectives described above; and

WHEREAS, under the District's General Bond Resolution and the Supplemental Resolution, the District is required to fix, establish, maintain, and collect rents, rates, and charges for the services of the System which, together with other revenues of the District, are expected to produce revenues for each fiscal year sufficient:

- (a) to equal 110% of the sum of principal and interest coming due on all issued and outstanding revenue bonds and other indebtedness of the District for such fiscal year;
- (b) to pay all operating expenses of the District for such fiscal year; and
- (c) to pay and discharge all charges or liens payable out of revenues of the District.

NOW, THEREFORE, BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AS FOLLOWS:

SECTION I: That all statements of fact set forth in the recitals of this Ordinance are true and correct in all respects, and such recitals are incorporated into the body of this Ordinance by reference as if set forth at length herein.

SECTION II: That the Supplemental Resolution adopted by the Board of the District, and the issuance by the District of the Series 2025 Bonds thereunder in one or more series and in a principal amount not in excess of the Maximum Principal Amount, is hereby authorized and approved.

SECTION III: That the District is hereby authorized to undertake and implement the Current Projects.

SECTION IV: That all previous ordinances relating to the District's Debt Service Adjustments as set forth in the Louisville/Jefferson County Metro Government Code of

Ordinances Section 50.24 continue to be in full force and effect and will continue to be a covenant for the benefit of the holders of the District's Revenue Bonds as long as any such Bonds are outstanding.

SECTION V: That the Series 2025 Bonds are special and limited obligations issued under the provisions of the Act and shall not constitute an obligation or indebtedness of Louisville/Jefferson County Metro Government within the meaning of any constitutional provision or statutory limitation. Neither the faith and credit nor the taxing power of the Louisville/Jefferson County Metro Government is pledged to the payment of the principal of, premium, if any, or interest on the Series 2025 Bonds. Further, no recourse under the Series 2025 Bonds shall be had against any officer, elected official, employee, or agent, as such, past, present, or future, of the Louisville/Jefferson County Metro Government.

SECTION VI: That this Ordinance shall take effect upon its passage and approval or otherwise becoming law.

Sonya Harward
Metro Council Clerk

Brent Ackerson
President of the Council

Craig Greenberg
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney

By:_____



MSD Series 2025 Revenue Bonds

Metro Council Budget Committee

May 8, 2025



MSD Protects Public Health and Safety through 3 Core Services

Wastewater Collection and Treatment



3,200 miles of sewer lines collect **153 million gallons** of wastewater each day for treatment at five regional water quality treatment centers (Morris Forman, Derek R. Guthrie, Cedar Creek, Floyds Fork, and Hite Creek) in Jefferson County.

Regional expansion is allowing water quality improvements in Oldham and Bullitt Counties.

Reliable Flood Protection



The Ohio River Flood Protection System includes **26.1 miles of floodwall** and earthen levee, **16 flood pump stations**, 150 floodgates, and 80 floodwall closures

This system **protects more than 216,000 people, 87,000 homes, and \$34 billion in property** in Jefferson and Bullitt Counties.

Stormwater Drainage Management



MSD manages inland drainage systems and improvements

The municipal separate storm sewer system (MS4) program protects **11 watersheds** and **760 miles of streams** in Jefferson County.

Governance and Oversight: MSD Board

- By statute, the MSD Board is appointed by the Metro Mayor, reviewed by the Governance and Accountability Committee, and approved by Metro Council.
- There are 8 Board seats distributed to different State Senate Districts. There can be two from the same district. Senate District 6 currently has 2.
- 4 of 8 MSD Board members appointed within the last 2 years.
- Current board makeup: (3) Republicans, (3) Democrats, (2) Independents
- MSD is **NOT** part of the process for selecting Board members.
- MSD's Board governs our annual budget, rates, policies, and initiatives which are reviewed in committees prior to being approved by the full Board.

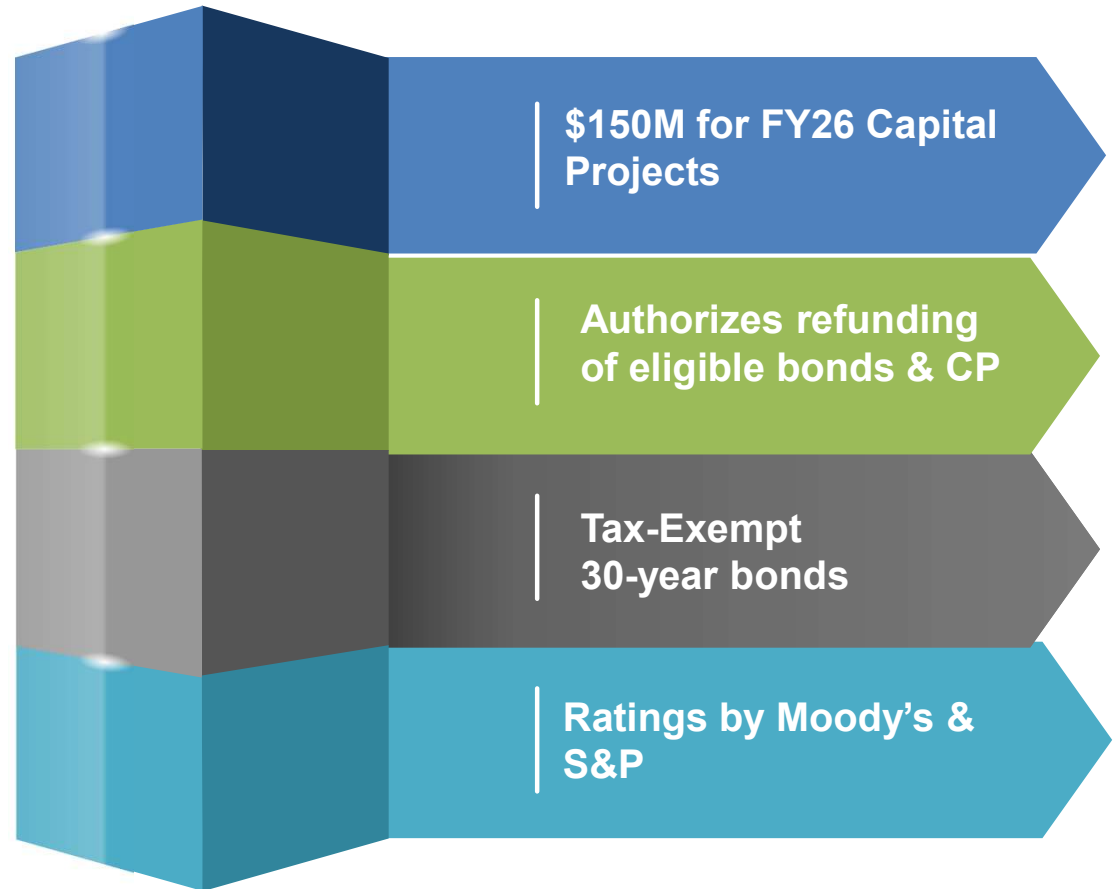
Proposed Series 2025 Revenue Bonds



Morris Forman Water Quality Treatment Center

Purpose of Series 2025 Bonds:

- Funding for FY26 Capital Projects
- Refinance Bonds for Interest Savings
- Refund Outstanding Commercial Paper



KRS 76.150: District Revenue Bonds

(2)...the bonds shall be authorized by resolution of the board...

...the issuance of bonds shall first be authorized by ordinance passed by the legislative body of the city and approved by the mayor of the city.

...the bonds shall be sold at public sale...

(4) The bonds or other obligations of the district shall not constitute an obligation or indebtedness of the city or of the county...

Preliminary Schedule: Series 2025 Revenue Bonds

MAY	Metro Council Ordinance
JUNE	Rating Agency Meetings
AUGUST	Competitive Bond Sale & Closing

Bond Approval Rationale

- Approximately **90%** of our capital budget is **regulatory and mandatory**. Failure to complete these projects will result in fines – civil and criminal penalties.
- Rate adjustments are dictated based on work required by EPA, the state of Kentucky, Air Pollution Control District, and other regulatory bodies.
- Failure to approve bond issuances, adjust rates to meet those obligations, and thus increase revenues, could result in a rating downgrade which would have catastrophic effects on MSD's financial position and the cost to borrow money.
- **The bond approval action does NOT dictate a rate increase percentage.**
- MSD Board will take up FY26 budget and preliminary rate adjustment May 27.

Cash Financing versus Debt Financing

- MSD Board has adopted Debt Issuance Policy and Procedures.
- Debt Issuance Policy ensures each bond issue meets legal requirements and ensures the financial strength of MSD.
- A mix of debt and cash financing spreads costs over time and ensures residents who benefit from improvements share in the cost rather than placing full cost on current ratepayers.
- Debt financing allows improvements to move forward with lower rates now than would be required if projects were entirely cash financed.
- Eliminating debt financing means rates must be higher now or improvements will be delayed which would have regulatory and community implications.

How Does MSD Spend User Rates?

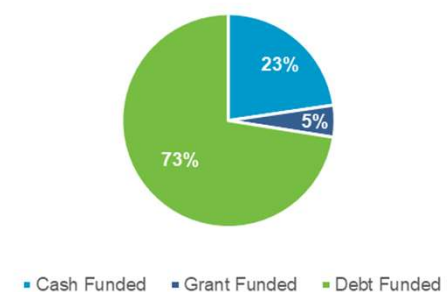


Based on Fiscal Year 2025 Budget

Capital Plan Financing

Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total CIP (in millions)	\$198.30	\$179.24	\$147.60	\$177.41	\$255.09	\$298.80	\$310.20	\$226.31	\$209.27	\$209.70
CIP Funding Source										
Cash Funded	61.82	21.34	14.60	32.11	95.49	67.80	54.30	57.40	83.10	95.40
Grant Funded	2.10	2.60	2.30	1.30	3.60	14.40	11.40	0.00	0.00	0.00
Debt Funded	134.38	155.30	130.70	144.00	156.00	216.70	244.50	168.90	126.20	114.30
Cash & Grant Funding (in millions)	\$ 63.92	\$ 23.94	\$ 16.90	\$ 33.41	\$ 99.09	\$ 82.20	\$ 65.70	\$ 57.40	\$ 83.10	\$ 95.40
Debt Funding (in millions)	\$134.38	\$155.30	\$130.70	\$144.00	\$156.00	\$216.70	\$244.50	\$168.90	\$126.20	\$114.30
Debt Funding Percentage	68%	87%	89%	81%	61%	73%	79%	75%	60%	55%

2025 Planned CIP Financing



Regulatory Compliance Remains Primary Driver

Overall CIP by Regulatory Program	FY25	FY26	FY27	FY28	FY29	5-year Total
Consent Decree	\$153,392,000	\$160,601,000	\$98,875,000	\$116,977,000	\$79,908,000	\$609,753,000
Agreed Order	\$11,365,000	\$14,609,000	\$19,213,000	\$1,258,000	\$1,640,000	\$48,085,000
CMOM	\$69,418,000	\$64,849,000	\$45,969,000	\$46,280,000	\$73,417,800	\$299,933,800
NMC	\$26,844,000	\$35,431,000	\$32,923,000	\$14,280,000	\$3,002,000	\$112,480,000
Stormwater Quality (MS4)	\$3,080,000	\$2,541,000	\$2,659,000	\$2,432,000	\$2,339,000	\$13,051,000
Grand Total	\$264,099,000	\$278,031,000	\$199,639,000	\$181,227,000	\$160,306,800	\$1,083,302,800
Percent of Overall CIP	88%	90%	88%	87%	76%	86%

- This includes \$49.3M in Odor Control Improvement projects over the 5-year CIP that are mandated under an Agreed Order with Air Pollution Control District.

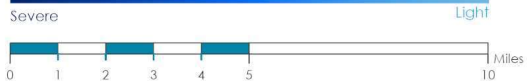
The Louisville Metro Flood Protection System, authorized in 1938...

...Safeguards economic vitality for Kentucky and the Region

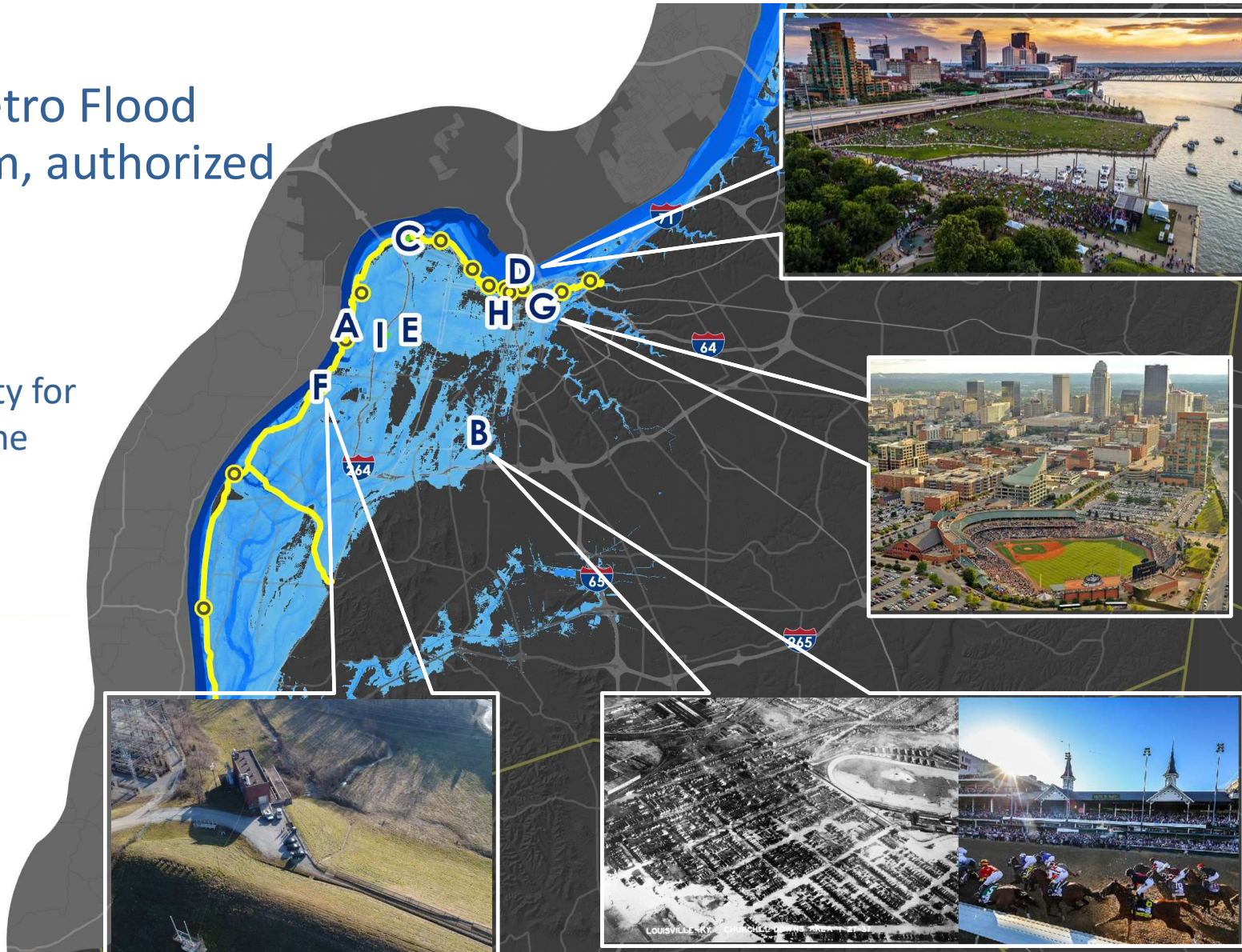


- Flood Pump Station
- Flood Wall
- County Boundaries

Flooding in the Event of Flood Protection System Failure

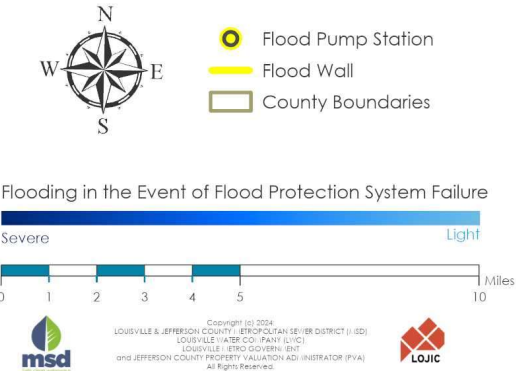


Copyright (c) 2024
LOUISVILLE & JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT (MSD)
LOUISVILLE WATER CO. (LWC)
LOUISVILLE METRO GOVERNMENT (LMG)
and JEFFERSON COUNTY PROPERTY VALUATION ADMINISTRATOR (PVA)
All Rights Reserved.



The Louisville Metro Flood Protection System, authorized in 1938...

1937 Flood Depth Mapping		
Label	Location	Flooding Depth, ft
A	Chickasaw Park	3.4
B	Churchill Downs	3.7
C	Good Shephard Catholic Church	15.9
D	Great Lawn	26.3
E	Muhammad Ali's Boyhood Home	6.9
F	Paddy's Run FPS	8.9
G	Sluggar Field, Home Plate	14.1
H	USACE Louisville District	2.1
I	West End School	1.3



Louisville experienced two major flood events in a span of six weeks.

	February 2025 Event	April 2025 Event
Gallons pumped	3.7 billion	12.1 billion
Active flood pump stations	9	15
Floodgates in service	39	65
Floodwall Closures	2	7
Supplemental MSD staff	155	Over 170









Paddy's Run Flood Pump Capacity Upgrade



Paddy's Run Flood Pump Station Construction Site
(originally built 1953)

Background:

- The Paddy's Run FPS is part of a system that protects approximately 216,000 people, 87,000 structures, and \$34B in property and is located in Southwest Jefferson County.
- Project will more than double flood pumping capacity

Schedule:

- Substantial Completion in Spring 2027
- Consent Decree Deadline December 2027

Cost Estimate ~\$230 million supplemented by:

- \$74M KIA SRF Low Interest Loan
- \$6.2M Emerging Contaminant Forgivable Loan
- \$14M Cleaner Water Grants

MFWQTC Biosolids Processing Solution



Morris Forman Water Quality Treatment Center

Background:

Project will provide *sustainable biosolids management for the next generation – Class A biosolids*

- Beneficial reuse of digester gas/energy
- Flexibility for future regulatory pressures
- Improved odor control

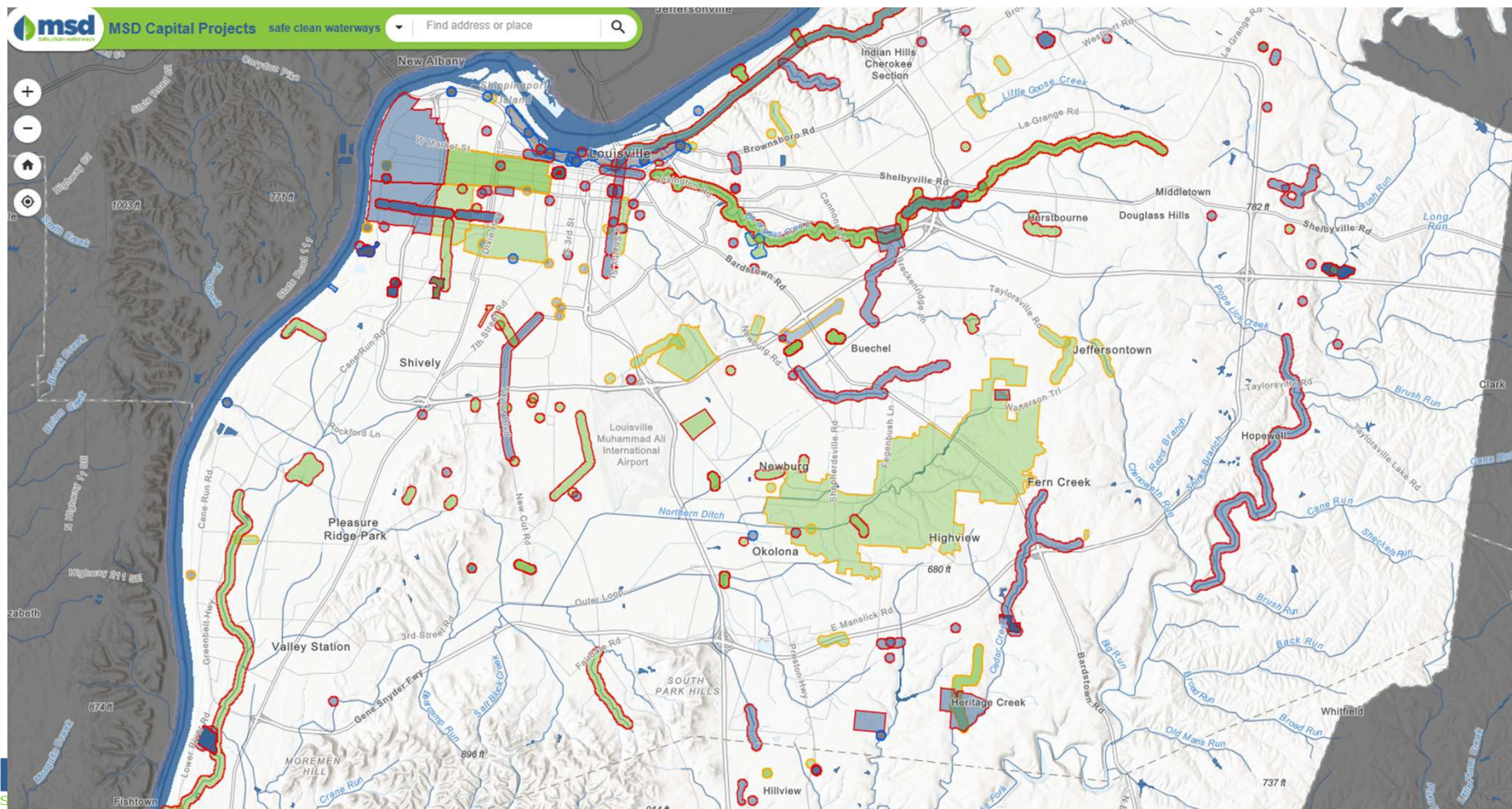
Schedule:

- Substantial Completion in July 2027
- Consent Decree Deadline March 2028

Cost Estimate ~\$285 million

- \$97M low interest loan through EPA's WIFIA program

Project Work Planned and Executed County Wide



Fiscal Year 2026 Major Projects

Budget ID Project Name	Status	FY26 Projection
D22100 Morris Forman WQTC New Biosolids Facility	In Progress	\$85,070,000
F18515 Paddy's Run FPS Capacity Upgrade	In Progress	\$70,185,000
D18090 CCWQTC Solids Dewatering Facility	In Progress	\$17,000,000
H25053 Bells Lane Odor Mitigation - EQ and HRT	In Progress	\$10,880,000
D17039 MFWQTC DAFT Rehabilitation	In Progress	\$8,507,000
D24149 MFWQTC Digester Gas Hydrogen Sulfide (H ₂ S) Removal	In Progress	\$6,418,000
H09171 Kavanaugh Road PS Elimination	In Progress	\$6,010,000
H09242 Gunpowder PS Elimination	In Progress	\$6,000,000

Customer Assistance Program



Partnered with Louisville Water, Louisville Water Foundation, and the Metro Office of Resilience and Community Services

- Bill Discounts
- Flexible Payment Options
- Grants

FY25 MSD Budget for Customer Assistance:

- \$500,000 for EWRAP (3,000 households)
- \$1.4M Senior Citizen Discount (7,000+ households)
- \$150,000 for the Louisville Water Foundation

Significant Deferred Projects

Economic Development

- Cedar Creek WQTC Expansion to 12.0 MGD \$72M; Design FY29
- Floyds Fork WQTC Expansion to 10.0 MGD \$60M; Design FY30
- Floyds Fork Interceptor \$177M; Construction FY30
- Reality Trail Int & PS Upgrades \$3.2M; Design FY30

Operational Improvements

- Northern Ditch PS Replacement \$27M; Construction FY29
- MFWQTC MDS Gate 1 Replacement \$10M; Design FY27
- MFWQTC Effluent Diffuser \$10M; Design FY27
- DRGWQTC Effluent Diffuser \$10M; Design FY30
- MFWQTC West Headworks Improvements \$16.5M; Design FY28
- 13 PS Elim or Improvement projects \$13M; varies

Flood Protection

- Floodgate 33 Replacement \$1M; Construction FY27
- Pond Creek Breaker Replacement \$1M; Construction FY27
- Gate 138 Access Road \$0.2M; Construction FY27
- Sluice Gate Repair/Replacement Program \$10M; Design FY27

Odor Control Improvement

- Park Hill Neighborhood Catch Basin Replacement \$2M; Construction FY27
- Russell Neighborhood Catch Basin Replacement Phase 1 \$6M; Construction FY27
- Russell Neighborhood Catch Basin Replacement Phase 2 \$9M; Construction FY31

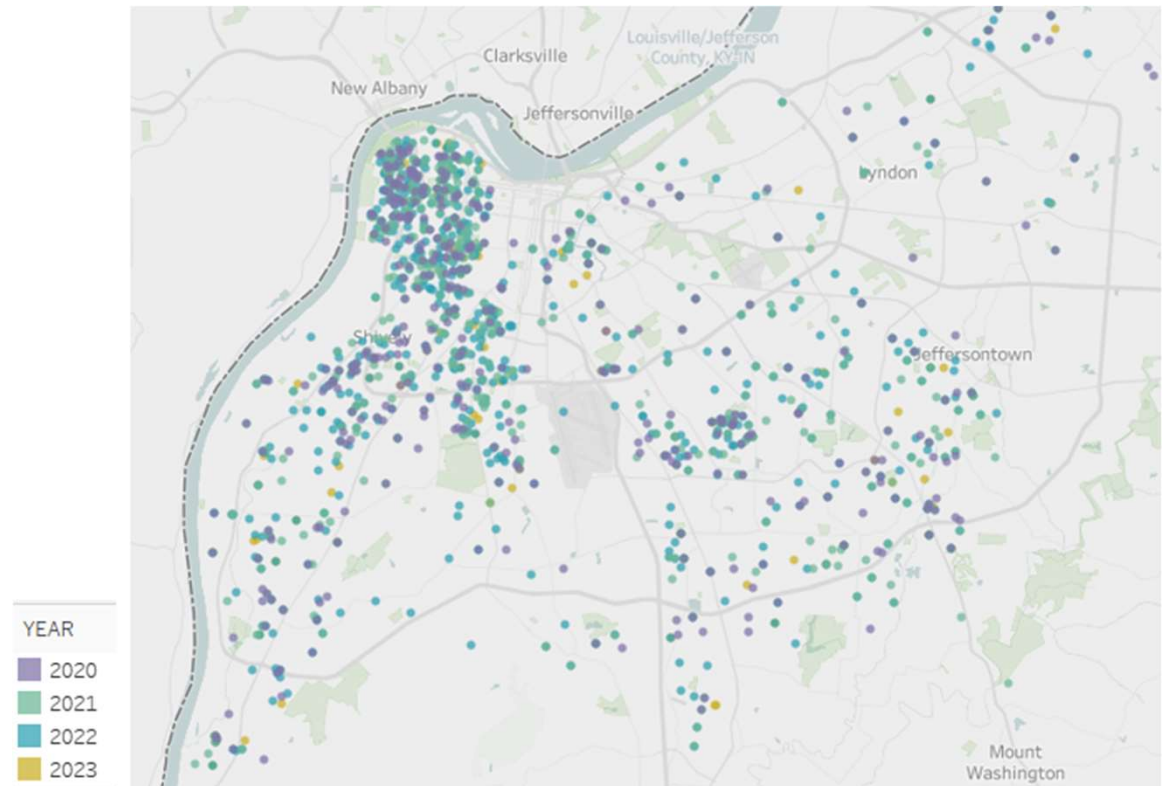


Largest Projects to Date

Project Name	EAC	ETC	Spending Start	Spending Finish
Waterway Protection Tunnel	\$195.4M	\$0	FY16	FY23
MFWQTC New Biosolids Facility	\$315.2M	\$195.5M	FY22	FY28
Paddy's Run FPS Capacity Upgrade	\$239.2M	\$142.4M	FY21	FY28
Upper Middle Fork PS, FM, Int	\$244.4M	\$243.4M	FY23	FY30
MFWQTC Secondary Treatment Improvements - Phase 2	\$200.0M	\$200.0M	FY29	FY33
\$1,194,200,000				

Customer Assistance

- Each dot reflects the location of a customer account who has received some form of assistance
 - EWRAP
 - Senior Citizen Discount
 - Community Ministries
 - Payment Extensions & Plans
 - Leak Adjustments



Questions



Appendix