

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

DATE : January 09, 2015

TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM : Scott B. Manske, Comptroller, Office of the Comptroller

SUBJECT : **Reimbursement Resolution for 2015 Capital Improvement Projects**

Request

The Office of the Comptroller is requesting the approval of the attached reimbursement resolution to express the County's intent to reimburse itself for expenditures relating to capital projects included in the 2015 Capital Improvements Budget that are incurred prior to the issuance of General Obligation Corporate Purpose Bonds or Notes and Qualified Energy Conservation Bonds (QECCBs).

Background

The 2015 Capital Improvements Budget included \$51,734,665 of new corporate purpose bond financing for various capital projects.

The reimbursement resolution will allow spending to occur prior to the issuance of the bonds.

The combined maximum amount of the reimbursement resolution (\$59,100,000) is greater than the total bond amounts budgeted for the projects (\$51,734,665) because the reimbursement resolution amount includes flexibility for pursuing additional QECCB capacity and estimated cost of issuance. Any additional QECCBs issued beyond the County's current allocation will result in a decrease of the general obligation corporate purpose bonds that are anticipated to be issued.

Proposed Bond Sales

The Office of the Comptroller is submitting a separate file for the January County Board cycle of the Finance, Personnel and Audit Committee in order to authorize the sale of Corporate Purpose General Obligation Bonds and Qualified Energy Conservation Bonds (File 15-32) and to delegate the approval of the sales to the Comptroller. The authorizing resolutions will include various capital improvement projects included in the 2015 Capital Improvements Budget and projects that were previously approved by the County Board.

2015 Reimbursement Resolution for 2015 Capital Improvement Projects

U.S. Treasury Regulation Compliance

U.S. Treasury Regulation Section 1.150-2 describes the conditions under which the County may expend County funds on a project currently and later reimburse itself with bond proceeds. The first step in providing for such reimbursement to occur is an expression of intent by the County to reimburse itself for expenditures incurred prior to issuing the bonds. Therefore, the attached resolution expresses that intent.

Expressing this intent will allow the County to reimburse itself for expenditures incurred as long as the expenditures comply with IRS rules summarized below:

For the Corporate Purpose Bonds:

- No expenditure made 60 days prior to the date of the adoption of the reimbursement resolution can be reimbursed with bond proceeds (other than architectural and engineering fees and similar costs).
- Bonds must be issued within 18 months of the later of:
 - The first date that a reimbursed expenditure is made.
 - The placed-in-service date of the project for which the reimbursed expenditure was made (or the date of abandonment of the project for which the reimbursed expenditure was made).
- Bonds must be issued within three years of the date of the first reimbursed expenditure in any event.

For the Qualified Energy Conservation Bonds:

- No expenditure made prior to the date of the adoption of the reimbursement resolution.
- Bonds must be issued within 18 months of the date the original expenditure is made.

2015 Reimbursement Resolution for 2015 Capital Improvement Projects

Recommendation

The Office of the Comptroller recommends that the Finance, Personnel, and Audit Committee approve the accompanying resolution that expresses the County's intent, in accordance with U.S. Treasury Regulation Section 1.150-2, to reimburse itself for expenditures that will occur prior to the issuance of the Corporate Purpose Bonds or Notes and the Qualified Energy Conservation Bonds.



Scott B. Manske
Comptroller

pc: Chris Abele, County Executive
Willie Johnson Jr., Co-Chair, Finance, Personnel, and Audit Committee
Theodore Lipscomb, Sr., Co-Chair, Finance Personnel, and Audit Committee
Joe Czarnezki, County Clerk
David Cullen, County Treasurer
Josh Fudge, Director, DAS-PSB
Pamela Bryant, Capital Finance Manager, Office of the Comptroller
Kelly Bablitch, Chief of Staff, County Board
Stephen Cady, Research and Policy Director
David Anderson, Public Financial Management
Tionna Pooler, Independent Public Advisors