

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 8/18/2021

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Authorizing/Parameters Resolution for the Refunding of the Taxable General Obligation Pension Promissory Notes, Series 2013

FISCAL EFFECT:

- No Direct County Fiscal Impact
 - Existing Staff Time Required
- Increase Operating Expenditures
(If checked, check one of two boxes below)
 - Absorbed Within Agency's Budget
 - Not Absorbed Within Agency's Budget
- Decrease Operating Expenditures
- Increase Operating Revenues
- Decrease Operating Revenues
- Increase Capital Expenditures
- Decrease Capital Expenditures
- Increase Capital Revenues
- Decrease Capital Revenues
- Use of contingent funds

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	See Explanation	See Explanation
	Revenue		
	Net Cost		
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
 - B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
 - C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
 - D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
-
- A. The Office of the Comptroller is requesting the approval of the attached resolution for the issuance of a not-to-exceed amount of \$100,000,000 of Taxable General Obligation Pension Refunding Bonds or Promissory Notes ("Obligations") to refund the balance of the outstanding Taxable General Obligation Pension Promissory Notes, Series 2013 ("2013 Pension Notes"). The attached resolution authorizes the issuance of the Obligations and establishes parameters for the issuance and delegates approval of the sale of the Obligations to the Comptroller. The Comptroller's approval is limited to results of the sale that fall within parameters outlined in the resolution.
 - B. The Office of the Comptroller has prepared estimated debt service schedules for the issuance of a not-to-exceed amount of \$97,355,000 in refunding Obligations. The not-to-exceed amount includes expenditures for the costs of issuance. The total estimated debt service costs are \$106,201,991 including \$8,846,991 interest costs. The estimated total interest cost for the Obligations are 1.44%. The estimated net present value savings from refunding is approximately \$9,852,160 or 10.7%.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

- C. An administrative transfer will be submitted to the Department of Administrative Services to adjust the Org. Unit 9960 General Debt Service budget in order to pay costs of issuance and to deposit surplus refunding bonds/net bid premium to the Debt Service Reserve.

There is no anticipated budgetary impact to 2021. The closing of the Obligations is anticipated before the December 2021 payment on the 2013 Pension Notes, any 2021 budget that would no longer be required for the December payment is anticipated to be deposited into an escrow account for the purpose of makings payments on the Refunded 2013 Pension Notes.

It is anticipated that the 2022 debt service for the 2021 Obligations will be about \$2,000,000 less than the 2022 debt service for the Refunded 2013 Pension Notes.

- D. The not-to-exceed amount is \$100,000,000. The estimated rates are based on the current Municipal Market Data ("MMD") AAA Curve adjusted for the County's current bond ratings (Aa2/AA/A+).

For purposes of the net present value ("NPV") calculations, a 2.0% NPV rate is used. The 2.0% rate is based on the 2.0% inflation rate used by the Federal Reserve. A higher inflation rate would mean lower savings for the transaction; a lower inflation rate would mean higher savings for the transaction.

Department/Prepared By Justin Rodriguez

Authorized Signature Pamela Bryant

Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required