

**COUNTY OF MILWAUKEE**  
**INTER-OFFICE COMMUNICATION**

DATE : August 28, 2015

TO : Supervisor Theodore Lipscomb, Sr., Chairman, County Board of Supervisors

FROM : Scott B. Manske, Comptroller

SUBJECT : **2015 Bond Issues - Parameters Resolution - 2<sup>nd</sup> Amendment**

**Request**

The Office of the Comptroller is requesting the approval of the attached resolution to amend Resolution File No. 15-32 (the “parameters resolution”) which approved the issuance of a not-to-exceed amount of \$53,600,000 of bonds (the “Corporate Purpose Bonds”), provides parameters for the issuance and delegates approval of the sale of the bonds to the Comptroller. The Corporate Purpose Bond issue would provide financing for projects included in the 2015 Capital Improvements Budget and projects that have been previously approved by the County Board and County Executive, but have not yet received financing.

The attached resolution modifies the parameters resolution to provide for the issuance of long-term and short-term bonds, updates the estimated issuance amount for bonds, including annual principal amounts for each series, and provides for an increase or decrease in the principal of each maturity of up to \$1,250,000 and \$750,000 for the long-term and short-term bonds, respectively.

**Background**

The 2015 Adopted Capital Improvements Budget included a bond amount of \$51,734,665 to finance various capital projects. Similar to 2013 and 2014, there are several projects that will incur modest expenditures in 2015. Therefore, the Comptroller’s Office will not include these projects in the 2015 bond issue. This action does not impact the implementation of any of the projects or change their budget authority.

Other adjustments include the following: Project WH02015 – South North Cape Road (Hi-View Drive to South Carroll Circle) was delayed from the 2014 bond issue and has been included in the 2015 bond issue and Project WT026 – Transit Buses will be financed in a separate 2015 financing (Qualified Energy Conservation Bonds) that was authorized by the County Board of Supervisors in February of 2015.

The Table 1 on the following page outlines the adjustments to the 2015 adopted bond amount for the 2015 bond issuance.

Description	Amount
2015 Adopted Bond Amount	\$51,734,665
WH02015 - S. North Cape Rd. (Hi-View Dr. to S. Carroll Circle)	\$1,044,306
WT026 - Transit Buses (Financed In a Separate 2015 Financing)	(\$4,760,000)
2015 Financing Changes (Table 2)	(\$13,070,698)
Total Project Bond Amount	\$34,948,273
Cost of Issuance	\$681,727
Estimated Bond Issue Amount	\$35,630,000

The proposed 2015 bond issuance amount of \$34,948,273 will be divided into a long-term issuance of \$31,047,709 and a short-term issuance of \$3,930,564. The final overall bond amount for the long-term and short-term bonds will be reported in an informational report to the Finance, Personnel and Audit Committee after the sale of the bonds.

Below, in Table 2, is the list of items for the \$13,070,698 decrease to the 2015 bond financing. The amount consists \$11.3 million in 2015 adopted projects and a net increase of \$1.8 million from appropriations transfer that increased the 2015 bond financing amount.

Project Number	Description	Amount
WH23901	North Shop Parking Lot & Fence Replacement	(177,250)
WT02601	New Flyer Buses	(889,000)
WP26201	Brown Deer Kitchen Remodel	(389,000)
WP28901	Hoyt Park Suspension Bridge	(550,000)
WP29802	South Shore Parking Lot Area Improvements	(1,606,209)
WP30401	Hales Corners Pool Rehabilitation	(275,000)
WP33001	Cool Water Slide	(1,500,000)
WP48701	McGovern Restrooms/Pavilion	(870,000)
WP48801	Kern Restroom/Pavilion	(565,000)
WP48901	Doctors Restrooms/Pavilion	(565,000)
WZ11901	African Plains Exhibit	(400,000)
WO03801	Marcus Center HVAC Upgrade	(500,000)
WO11601	Vogel Hall Renovation	(1,565,948)
WO61401	Build Out Ten Sites to Digital	(789,183)
WO88802	Uihlein #1 elevator	(625,108)
	Total Financing Delayed to 2016	(11,266,698)
WO61401	Build Out Ten Sites to Digital	(1,220,000)
WO63101	Election Machines	(1,794,000)
WO51707	War Memorial Traction Elevator Upgrades	500,000
WO51709	War Memorial HVAC Upgrades	710,000
	Total 2015 Financing Additions/Reductions	(1,804,000)
	Total 2015 Financing Changes	(13,070,698)



It is anticipated that the \$11.3 million in projects will be added to the 2016 financing. The projects implementation will be able to proceed. The Comptroller’s Office will evaluate all of the delayed financing projects as well as the 2016 projects to determine inclusion in the 2016 bond financing.

**Amendments to Resolution File No. 15-32**

The bond amount for the 2015 Corporate Purpose Bond Issue is reduced from a not-to-exceed amount of \$53,600,000 to \$50,000,000. In addition to the items in the Table 2, Project WO151 – Courthouse Fire Bond Reimbursement (\$2,000,000) and WG014 – Grounds Reservoir (\$1,219,200) are no longer needed and will be lapsed at the end of the year. Therefore the amounts were removed from the 2015 Corporate Purpose Bond Issue.

The \$53,600,000 also included \$1,125,000 of the \$4,760,000 bond amount for Project WT026 – New Flyer Buses. The County was verbally informed that it will receive an additional \$1,500,000 in bonding authority for the Qualified Energy Conservation Bonds. Therefore, the \$1,125,000 was removed from the 2015 Corporate Purpose Bond Issue and is included in the not-to-exceed amount of \$5,500,000 in Qualified Energy Conservation Bonds.

In addition, the cost of issuance for the not-to-exceed amount of \$53,600,000 was decreased by approximately \$600,000. The not-to-exceed amount included the maximum allowable issuance costs of 2 percent of the par amount of the bonds. The final adjustment was the inclusion of the bond amount of \$45,088 for Project WH00118 – CTH G & CTH S Intersection. Transportation Services indicated the project would not incur significant amount of expenditures in 2015 and recommended delaying the financing until 2016. However, since the bond amount was so small, the Comptroller’s Office decided to include it in the 2015 financing. The details are provided in Table 3.

Item	Description	Bond Amount
	2015 CP Not-To-Exceed Amount	\$53,600,000
WO151	Courthouse Fire Bond Reimbursement Project	(\$2,000,000)
WG014	Grounds Reservoir	(\$1,219,200)
WT026	New Flyer Buses project	(\$1,125,000)
	Adjustment to Cost of Issuance	(\$600,190)
	Delayed Project and Modified Project Financing (See Table 2)	(\$13,070,698)
WH00118	CTH G & CTH S Intersection(2216-00-02)	\$45,088
	Estimated 2015 Corporate Purpose Bond Amount <sup>1</sup>	\$35,630,000

1. The updated 2015 Corporate Purpose Bond Amount is subject to change. The final amount will be determined when the bond and notes are sold in October of 2015.

**Resolution Change to Allow Long-Term and Short-Term Bonds**

Milwaukee County’s Corporate Purpose Bond Issues have been constructed to include short term debt schedules for capital projects, mainly equipment, with a useful life ranging, primarily, from three to eight years. This would allow the County to better align the debt payments with the asset life. Bond Counsel informed the Comptroller’s Office, that in order to accomplish this in accordance with Federal rules, the County would have to issue a separate short-term bond issue and a long-term bond issue. Therefore, Resolution File No. 15-32 is requested to be

amended to allow for the issuance of a short-term bond issue (notes) of \$3,975,000 and a long-term issue (bonds) of \$31,655,000. The combined amount of the two issues is \$35,630,000. These bond amounts are subject to change. The final amount will be determined when the bonds and notes are sold in October of 2015.

**Resolution Change to Adjust Not To Exceed Amounts**

Due to the change in the projects to be financed with the 2015 issues (short and long-term issues), the not-to-exceed amount is changed from \$53,600,000 to \$50,000,000. This change will allow for an increase to the estimated \$35,630,000 if departments change their assessment of the project implementation schedule for any of the delayed projects with bond financing for 2015. (See Table 2.)

The County had established limits on the annual principal amounts for the \$53,600,000 bonds. Since the County will have two issues, changes in principal for the short-term issue (notes) will be limited to an increase or decrease of \$750,000 per maturity and principal for the long-term issue (bonds) will be limited to an increase or decrease of \$1,250,000.

**RECOMMENDATION**

The Office of the Comptroller requests that the Finance, Personnel and Audit Committee approve and recommend approval by the full County Board of the attached resolution. The attached resolution modifies the parameters resolution to provide for the issuance of bonds, updates the estimated issuance amount for combined bonds to \$50,000,000, including annual principal for each series, and provides for an increase or decrease in principal of \$1,250,000 and \$750,000 to the estimated annual principal amounts for long-term and short-term bonds, respectively.



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Scott B. Manske  
Comptroller

Attachment

pc: Chris Abele, County Executive  
Supervisor Willie Johnson, Co-Chairman, Finance and Audit Committee  
Supervisor Theodore Lipscomb, Sr., Co-Chairman, Finance and Audit Committee  
Josh Fudge, Director, Department of Administrative Services-PSB  
Kelly Bablitch, Chief of Staff, County Board  
Pamela Bryant, Capital Finance Manager  
Stephen Cady, County Board Fiscal and Management Analyst  
Joseph Czarnecki, County Clerk  
David Cullen, Treasurer  
Brian Lanser, Quarles & Brady LLP  
Lafayette Crump, Crump Law Firm  
David Anderson, Public Financial Management  
Tionna Pooler, Independent Public Advisors, LLC  
Justin Rodriguez, Budget and Management Coordinator  
Janelle Jensen, Finance, Personnel and Audit Committee Clerk