

**COUNTY OF MILWAUKEE  
INTER-OFFICE COMMUNICATION**

**DATE** : August 18, 2021

**TO** : Supervisor Marcelia Nicholson, Sr., Chairwoman, County Board of Supervisors

**FROM** : Pamela Bryant, Capital Finance Manager, Office of the Comptroller

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

**Request**

The Office of the Comptroller is requesting the approval of the attached resolution for the issuance of a not-to-exceed (“NTE”) 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, provides 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 the parameters outlined in the resolution.

**Background**

2013 Pension Notes

In February 2013, the County issued \$138,730,000 of Taxable General Obligation Promissory Notes, Series 2013. The 2013 Pension Notes were issued to provide timely payment on the \$135,000,000 Taxable Pension Notes, Series 2009B (“2009B Pension Notes”). The Series 2009B Pension Notes were anticipation notes, and therefore are special obligations of the County, issued in anticipation of the sale of general obligation promissory notes of the County. In the Series 2009B Note Resolution, the County authorized the issuance of general obligation promissory notes of the County which the Series 2009B Notes anticipated.

**Analysis**

The Office of the Comptroller in coordination with its municipal advisor (Public Financial Management) has prepared estimated debt service schedules for the issuance of a par amount of \$97,355,000 in refunding Obligations. 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 \$9,852,160 or 10.7%.

## **BOND SALE PARAMETERS**

The parameters for the financing would consist of the following:

- A not to exceed amount of \$100,000,000
- Obligations are being issued on a taxable basis.
- Final Maturity no later than 2030.
- Principal Payments – The Obligations shall have principal payments due in the years and in the amounts as the Comptroller shall determine.
- The aggregate debt service on the Obligations in all years combined shall not be greater than the aggregate debt service on the refunded 2013 Pension Notes. The Office of the Comptroller estimates that nominal total debt service of the Obligations will be approximately \$10,000,000 less than the 2013 Pension Notes.
- Minimum purchase price of 99 percent of the par amount of the Obligations – The price of the Obligation reflects the maximum price an investor would want to pay for the Obligation based on the coupon rate and the market rate. This is known as the yield or rate of return on the Obligation. When the coupon rate on the Obligation is equal to the market rate the purchase price is equal to the principal amount of the Obligation (par). If the coupon rate is lower than the market rate, the Obligations will be purchased at a discount. If the coupon is higher than the market rate, the Obligations will be purchased at a premium. If there is a premium paid, the amount of the premium would be used to reduce the amount of the refunding Obligation issue(s). Whether or not the Obligation purchase price is a par, discount or premium is dependent upon market conditions on the day of the sale.

## **DEBT ISSUANCE CONDITIONS**

The Resolution for the Obligations will require approval by a  $\frac{3}{4}$  majority of a quorum of the County Board since the Office of the Comptroller is requesting authority to deposit surplus processed in the Debt Service Reserve.

## **DEBT ISSUANCE EXPENSES**

The attached resolution authorizes and directs the Comptroller to request credit ratings and to pay all professional services and other issuance expenses related to the issuance of the bonds from debt proceeds. An administrative appropriation transfer will be processed to increase expenditure authority to pay for the cost of issuance. Anticipated expenses include bond counsel, financial auditor, escrow agent and financial advisory fees, credit rating fees and other issuance costs.

## **RECOMMENDATION**

The Office of the Comptroller requests that the Finance Committee approve and recommend approval by the full County Board of the attached resolution. The resolution authorizes the issuance and establishes parameters for the issuance of the Obligations. The resolution authorizes the execution of related agreements, and allows for the processing of administrative fund transfers to facilitate the transaction, allows for the processing of administrative fund transfers to

deposit net bid premiums and surplus bonds to the Debt Service Reserve and delegates, to the Comptroller, the authority to approve the final terms and conditions of the bond sale provided that those terms and conditions are within the parameters set forth in the resolution. The sale will consist of the issuance of a not-to-exceed amount of \$100,000,000 in Obligations to refund the balance of the outstanding 2013 Pension Notes.

*Pamela Bryant*

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Pamela Bryant  
Capital Finance Manager

cc: David Crowley, County Executive  
Supervisor Jason Haas Chairman, Finance Committee  
Mary Jo Meyers, Chief of Staff, County Executive  
Kelly Bablitch, Chief of Staff, County Board  
Joe Lamers, Director, DAS-PSB  
Scott B. Manske, Milwaukee County Comptroller  
Stephen Cady, Research Director, Office of the Comptroller  
George Christenson, County Clerk  
David Cullen, Treasurer  
Bridgette Keating, Quarles & Brady LLP  
Emile Banks, Emile Banks Law Firm  
Matthew Schnackenberg, PFM Financial Advisors LLC  
Tionna Pooler, Independent Public Advisors, LLC  
Justin Rodriguez, Budget and Management Coordinator, Office of the Comptroller