

The Office of the Comptroller and the Department of Administrative Services-Office of Performance Strategy and Budget Request Authorization to Reallocate \$1.6 Million of Unspent Bond Proceeds and Adoption of New Capital Budget Financing Policies to Address the Overall Issue of Timely Spending of General Obligation Bonds:

A RESOLUTION

WHEREAS, in April 2013, the Office of the Comptroller included language in the 2012 to 2013 Carryover Report informing policymakers that the County was not in compliance with IRS expenditure rules for bonds; and

WHEREAS, in May 2013, a review by the Office of the Comptroller determined that \$13.3 million in unspent bond proceeds should be reallocated to other projects that presumably could move forward in an expeditious fashion; and,

WHEREAS, the County Board and County Executive approved two resolutions in 2013 that reallocated \$13.3 million in unspent bond proceeds to other projects; and,

WHEREAS, at year-end 2013, the estimated total unspent bond balance was \$38.1 million for 238 capital projects; and,

WHEREAS, the IRS regulations dictate the expenditure of bond proceeds within three years; and,

WHEREAS, if the bond proceeds have not been expended within three years, according to Quarles and Brady (the County's Bond Counsel), the IRS expectation is that the County will proceed or demonstrate a consistent pattern of spending to reflect a commitment to implementing the projects; and,

WHEREAS, the Office of the Comptroller and the DAS-PSB met with departments to discuss the status of the projects; and,

WHEREAS, since the IRS expectation is that the County will proceed or demonstrate a consistent pattern of spending to demonstrate a commitment to implementation, approximately \$1.6 million is recommended to be reallocated; and,

WHEREAS, there are eight (8) ongoing projects that require additional funding of \$680,000; and,

WHEREAS, the Safety Building needs \$100,000 for the replacement of the emergency generator; and,

43 WHEREAS, there are five ongoing projects that are currently financed by sales tax
44 that could be financed with unspent bonds; and,

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46 WHEREAS, the total amount of sales tax that will be exchanged for unspent bond
47 proceeds is approximately \$550,000; and,

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49 WHEREAS, the exchanged sales tax revenue is recommended to be used to finance
50 a new Phone and Voicemail Replacement project; and,

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52 WHEREAS, the Research Park Fire Protection System project and the CATC Fire
53 Protection System project were financed with bonds to be issued in 2014; and,

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55 WHEREAS, since unspent bond proceeds are available, they will be used to finance
56 these two projects; now therefore,

57 BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby authorizes
58 the reallocation of \$1.6 million of unspent bonds from various capital projects and the
59 Debt Service Reserve; and,

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61 BE IT FURTHER RESOLVED, the Milwaukee County Board of Supervisors authorizes
62 the change of financing for several capital projects from sales tax revenue to unspent bond
63 proceeds; and,

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65 BE IT FURTHER RESOLVED, the Milwaukee County Board of Supervisors directs the
66 Department of Administrative Services to process an administrative fund transfer to
67 effectuate the above mentioned reallocations and financing changes; and,

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69 BE IT FURTHER RESOLVED, the Milwaukee County Board of Supervisors adopts the
70 following Capital Budget Financing policies:

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72 • Limit the time for spending of bond financed projects to a period of four
73 years. After four years, the projects will be lapsed and the proceeds
74 applied towards debt service for the bonds or reallocated to another
75 project;

76 • Limit projects that can be included in the capital budget to projects that
77 are estimated to cost greater than \$100,000.

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