

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 2/16/18

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Authorizing/Parameters Resolution for the 2018 Corporate Purpose Refunding Bonds

FISCAL EFFECT:

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

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.
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- A. The Office of the Comptroller is requesting the approval of the attached authorizing resolution and parameters resolutions for the issuance of a not-to-exceed amount of \$57,325,000 of Corporate Purpose Refunding Bonds to refund the balance of the outstanding debt for the \$19,360,000 Taxable General Obligation Corporate Purpose Bonds, Series 2009C (2009C BABs), the \$21,965,000 Taxable General Obligation Corporate Purpose Bonds, Series 2009E (2009E BABs), and the \$15,135,000 Taxable General Obligation Corporate Purpose Bonds, Series 2010A (2010A BABs). The attached resolution authorizes the issuance of the bonds and provides parameters for the issuance and delegates approval of the sale of the bonds to the Comptroller. The Comptroller's approval is limited to results of the sale that fall within parameters outlined in the resolution.
 - B. The refunded debt is all Build America Bonds that have federal subsidies related to the interest expenses. When the Build America Bonds are refunded the County will no longer receive the federal subsidies. The refunding would result in an estimated \$3,807,635 loss of federal subsidies between 2019-2025. It is anticipated that the loss of federal subsidies would be more than offset by lower debt service expenses. The estimated net present value savings, including the loss of the federal subsidies, is \$396,645. Total estimated debt service for the refunding is \$62,727,498, including \$5,402,498 of interest expenses. The not-to-exceed amount includes expenditures for the costs of issuance.
 - 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.

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.

D. The not-to-exceed amount will be \$57,325,000. The costs of issuance will not exceed the federally allowable 2% of the par value of the bonds. The rates used for the schedules were based on current market conditions plus 50 basis points. Although the authorizing and parameters resolutions allow for the issuance of taxable bonds, the net present value calculation assumes that all of the refunding bonds will be issued on a tax-exempt basis.

The federal subsidies are assumed to continue despite a risk that the subsidies could be reduced or eliminated. Since 2012 Federal Sequestration has reduced the subsidy payments due by 6.6%-8.7%.

Department/Prepared By Justin Rodriguez

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required

