

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

DATE : February 17, 2023

TO : Supervisor Marcelia Nicholson, Chairwoman, County Board of Supervisors

FROM : Scott B. Manske, Comptroller

SUBJECT: Resolution Authorizing the Issuance of the Airport Revenue Bonds

Request

The Office of the Comptroller is requesting the approval of the attached authorizing and parameters resolutions for the issuance of a not-to-exceed amount of \$6,000,000 of General Airport Revenue Bonds, Series 2023A to finance adopted Airport projects.

The attached resolution authorizes the issuance of the bonds (Airport Revenue Bonds), provides parameters for the issuance, authorizes appropriation transfers to facilitate the transaction, and delegates approval of the sale of the bonds to the Comptroller. The Comptroller's approval is limited to results of the sales that fall within the parameters outlined in the resolutions.

Background

The Office of the Comptroller anticipates issuing Airport Revenue Bonds to finance adopted airport bond financed projects.

Table 1, below, contains a list of approved projects and the associated bond amount. The Office of the Comptroller plans to issue a not-to-exceed \$6 million to finance the projects.

Table 1

Project No.	Description	Bond Amount
WA0399011	MKE Taxiway H Rehabilitation (Design and Construction)	\$101,894
WA0416012	MKE Rehabilitate Taxiway C (North of West Ramp) - CONSTRUCT	\$193,922
WA0404011	MKE Concourse D Roof Replacement - DESIGN	\$489,592
WA0412012	MKE Passenger Loading Bridge Replacement (2023) - CONSTRUCT	\$4,297,140
	Sub-Total	\$5,082,548
	Estimated Cost of Issuance	\$120,000
	Project Contingency	\$797,452
	Total Not-To-Exced	\$6,000,000

The not-to-exceed amount consists of the project amount of \$5,082,548, cost of issuance of \$120,000 (reflects the Federal limit of 2 percent of the par amount of the bonds) and project contingency amount of \$797,452. Some of the projects have not been bid so there may be some increases in the project amount. The project contingency is included to account for adjustments to the bond amount due to changes in the project amount.

Resolution Authorizing the Issuance of the Airport Revenue Bonds

Estimated Debt Service

The Office of the Comptroller has prepared estimated debt service schedules for the issuance of a not-to-exceed amount of \$6,000,000 of Airport Revenue Bonds. The total estimated debt service cost is \$8,958,000, including \$2,958,000 in interest costs.

Bond Sale Parameters

The parameters for the financing consist of the following:

- A total not-to-exceed amount of \$6,000,000.
- Final maturity – the final maturity cannot be later than 2043.
- Payment Schedule – The 2023 Airport Revenue Bonds shall mature in the years and in the amounts as the Comptroller shall determine.
- Maximum true interest cost (TIC) of 6.0 percent – The true interest cost is the actual interest rate paid on bonds, which is expressed as a percentage of the total debt in today's dollars and includes the costs of issuance and other fees.
- Call provision – The parameters resolution provides that the call provision will be determined by the Comptroller for each series and will be set forth in the Approving Certificate.
- Minimum purchase price of 99 percent of the par amount of the bonds for each series – The price of the bond reflects the maximum price an investor would want to pay for the bond based on the coupon rate and the market rate. This is known as the yield or rate of return on the bond. When the coupon rate on the bond is equal to the market rate the purchase price is equal to the principal amount of the bond (par). If the coupon rate is lower than the market rate, the bonds will be purchased at a discount. If the coupon is higher than the market rate, the bonds will be purchased at a premium. Whether or not the bond purchase price is a par, discount or premium is dependent upon market conditions on the day of the sale.

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. An administrative appropriation transfer may be processed to increase expenditure authority to pay for the cost of issuance. Anticipated expenses include bond counsel fees, airport consultant fees, financial advisory fees, credit rating fees and other issuance costs.

Resolution Authorizing the Issuance of the Airport Revenue Bonds

PUBLIC HEARING REQUIREMENTS FOR PRIVATE ACTIVITY BONDS

The 2023 Airport Revenue Bonds are private activity bonds within the meaning of the federal tax code. The issuance of tax-exempt bonds for these purposes requires that a public hearing be scheduled to allow citizens to comment on the issuance of the bonds. A public hearing will need to be scheduled as an item for the April 13 meeting of the Finance Committee to allow for public comment on the projects.

FISCAL AGENT

US Bank serves as the trustee for the Milwaukee County Airport Revenue Bonds in accordance with the General Resolution approved in June 2000 for the issuance of Airport Revenue Bonds. The Resolution provides for the County to change the scope of work for the Trustee. To better manage the Airport Revenue Bond proceeds, the Office of the Comptroller is recommending approval of the attached resolution to allow the Comptroller to change the scope of work for the Trustee to include the disbursement of Airport Revenue Bond proceeds to the bond financed airport projects.

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 of a not-to-exceed amount of \$6,000,000 in Airport Revenue Bonds 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.

Scott B. Manske

Scott B. Manske
Comptroller

Attachment

pc: David Crowley, County Executive
Supervisor Liz Sumner Chairwoman, Finance Committee
Mary Jo Meyers, Chief of Staff
Kelly Bablitch, Chief of Staff, County Board
Pamela Bryant, Capital Finance Director
Justin Rodriguez, Capital Projects Manager
Vince Masterson, Capital Budget Manager
Stephen Cady, Research Director
Bridgette Keating, Quarles and Brady
Emile Banks, Emile Banks & Associates
Matthew Schnackenberg, Public Financial Management
Tionna Reed Pooler, Independent Public Advisors