

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

DATE: December 28, 2021

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

FROM: Scott B. Manske, Comptroller

SUBJECT: **Authorizing Resolution for the 2022 Bond and Note Issuances for Capital Projects**

**REQUEST**

The Office of the Comptroller is requesting the approval of the attached initial authorizing resolution for the issuance of a not-to-exceed amount of \$90,630,000 of general obligation bonds or notes to finance capital projects. The resolution also authorizes the reimbursement of expenses related to projects that occur prior to the issuance of the bonds or notes.

**BACKGROUND**

The 2022 bonds or notes will finance projects contained in the 2022 Capital Improvements Budget<sup>1</sup> (“2022 Budget”) and other projects that have been approved, but not yet financed.

**2022 Capital Improvements Budget**

The 2022 Budget included \$44,505,364 of budgeted bond/note proceeds to finance various capital improvement projects. The table below provides a summary of the not-to exceed amount:

2022 Adopted Capital Project Financings	\$44,505,364
Previously Approved Projects	\$41,559,483
Inflationary Factor	\$2,718,600
Cost of Issuance, Underwriter's Discount, Rounding	\$1,846,553
<b>Total Not-to-Exceed Amount</b>	<b>\$90,630,000</b>

Although the total not-to-exceed amount is \$90,630,000 it is likely that the actual amount will be less. Based on previous experience, some of the projects adopted in 2022 and previously adopted projects will be financed in future years. The Office of the Comptroller will continue to monitor ongoing projects and refine the size and the structure of the financings during the drafting of the parameters resolutions and immediately prior to the sales of the bonds and notes.

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<sup>1</sup> 2022 Capital Improvements Budget Summary is attached.

**Initial Authorizing Resolutions Not to Exceed \$90,630,000**

The Office of the Comptroller has prepared estimated debt service schedules for the issuance of a not-to-exceed amount of \$90,630,000 in bonds/notes. The amount is the sum of the 2022 Capital Improvements Projects (\$44,505,364), previously approved projects that may be included in the 2022 financings (\$41,559,483), an inflationary factor (\$2,718,600), and Underwriter's Discount/Cost of Issuance (\$1,846,553). The estimated gross debt service from the not-to-exceed schedules is \$118,400,000 which includes \$27,780,000 of interest costs.

The Office of the Comptroller anticipates issuing separate series of bonds for Corporate Purpose Bonds (long-term), Promissory Notes (short-term/equipment), Promissory Notes (transit), Promissory Notes (taxable), a stand-alone bond issue for the Forensic Science Center, a stand-alone issue for the Highway North Shop, and a stand-alone issue for the Mental Health Emergency Crisis Center. The Office of the Comptroller will request approval of separate parameters resolutions prior to the issuance of the bonds/notes. These resolutions will provide the Office of the Comptroller with the authority to complete those transactions.

Page three of the report includes a list of the various components of the not-to-exceed amount of \$90,630,000.

## Authorizing Resolutions for 2022 Debt Issuances for Capital Projects

Project Number	Description	2022 Bond/Note Amount
2022 Budget		\$44,505,364
<b>Previously Approved Projects</b>		
WC020901	Forensic Science Center-Phase 2	\$14,207,544
WE012301	Mental Health Emergency Center	\$5,360,000
WT012401	New Transit Bus Project	\$5,116,000
WT014801	FDL Garage Fire Alarm and Sprinkler System Repl	\$2,565,721
WO034001	Fleet - General Equipment	\$2,229,500
WC006201	CJF - Building Roof Replacement	\$2,049,500
WZ011901	Zoo Adventure Africa-Elephants Exhibit	\$2,020,036
WO034201	Sheriff Fleet Equipment	\$1,210,000
WP070601	South Shore Breakwater - Design	\$1,066,471
WO064301	War Memorial Center - Flood Mitigation	\$605,880
WP005046	Lincoln Park Baseball Lighting	\$595,104
WO034101	House of Correction Fleet Equipment	\$527,500
WO065501	WMC (Saarinen Bldg)-Switchgear Rplcmnt	\$459,999
WZ014101	Adventure Africa - Rhinos	\$451,050
WP073101	Gordon Park Playground	\$291,984
WP053401	Rainbow Park Playground Replacement	\$278,737
WP053501	Pulaski Cudahy Playground Replacement	\$278,737
WP072501	Vogel Playground Replacement	\$278,737
WP071401	KK Parkway- Jackson Park Dr 58th-Cleveland	\$248,667
WP065801	Currie Park-Replace Parking Lot & Cart Path Impr	\$232,981
WP070701	Old Loomis Road Reconstruction	\$170,000
WP068201	Remodel	\$167,205
WH011401	Mill Rd Bridge B-40-0936 Rehabilitation	\$155,458
WP072801	Construct	\$146,447
WP071301	Kinnickinnic Parkway- S. 43rd St. to S. 51st St.	\$140,833
WT011101	KK Garage Concrete Yard Replacement	\$135,098
WO034301	Fleet Parks Equipment	\$125,000
WP069501	Washington Park Bridge Replacements	\$118,414
WV004301	OAKWOOD Lift Station Upgrade	\$93,574
WH011001	W Beloit Rd (CTH T)-S 124TH ST	\$75,000
WH011101	W Forest Home Ave (CTHOO)-Hi-View Dr to S N Cape	\$75,000
WV004101	Oak Creek Skate Liftstation	\$63,306
WH011701	Signals CTH PP (Good Hope Rd)-99th St & 60th St	\$10,000
WH011801	Signals CTH PP (Good Hope Rd)-CTH W (Prt Wsh Rd)	\$10,000
	Financing for Previously Approved Projects	\$41,559,483
	Inflationary Factor	\$2,718,600
	Cost of Issuance, Underwriter's Discount, Rounding	\$1,846,553
	<b>Total Not-to-Exceed</b>	<b>\$90,630,000</b>

## **DEBT ISSUANCE CONDITIONS**

Wisconsin State Statute Section 67.045 outlines the conditions under which a county may issue debt. To comply with the referenced State Statute, approval of the attached initial authorizing resolution will require a  $\frac{3}{4}$  vote (14 votes) of the County Board of Supervisors.

The authorizing resolutions for the bonds and notes include an initial resolution and a resolution directing publication of notices to the electors. The authorizing resolutions also permit the County to reimburse itself for any expenditures made prior to the issuances. Each of the items in the resolution requires Finance Committee and County Board approval.

### **U.S. Treasury Regulation Compliance**

U.S. Treasury Regulation Section 1.150-2 describes the conditions under which the County may expend County funds on a project currently and later reimburse itself with bond proceeds. The first step in providing for such reimbursement to occur is an expression of intent by the County to reimburse itself for expenditures incurred prior to issuing the bonds. Therefore, the attached resolution expresses that intent.

Expressing this intent will allow the County to reimburse itself for expenditures incurred as long as the expenditures comply with IRS rules summarized below:

- No expenditure made 60 days prior to the date of the adoption of the reimbursement resolution can be reimbursed with bond proceeds (other than architectural and engineering fees and similar costs).
- Bonds must be issued within 18 months of the later of:
  - The first date that a reimbursed expenditure is made.
  - The placed-in-service date of the project for which the reimbursed expenditure was made (or the date of abandonment of the project for which the reimbursed expenditure was made).
- Bonds must be issued within three years of the date of the first reimbursed expenditure in any event.

**RECOMMENDATION**

The Office of the Comptroller requests that the Finance Committee approve and recommend the attached resolution. The resolution authorizes the issuance of a not-to-exceed amount of \$90,630,000 of bonds and notes. The resolution also authorizes the reimbursement of expenses related to projects that occur prior to the issuance of the bonds and notes.

The Comptroller will submit subsequent resolutions prior to the sales that will provide parameters for the issuances, delegate approval of the sales of the bonds/notes and authorize an administrative transfer to pay costs associated with the debt issuances. The subsequent resolutions will also delegate the bid opening and approval of the winning bidder for the sales of the issuances to the Comptroller. The Comptroller's approval will be limited to sale results that fall within the parameters outlined in the resolutions.

*Scott B. Manske*

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Scott B. Manske  
Comptroller

cc: David Crowley, County Executive  
Supervisor Jason Haas, Chairman, Finance Committee  
Mary Jo Meyers, Chief of Staff  
Kelly Bablitch, Chief of Staff, County Board  
Pamela Bryant, Capital Finance Manager  
Justin Rodriguez, Budget and Management Coordinator  
Vince Masterson, Capital Budget Coordinator  
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