

**COUNTY OF MILWAUKEE  
INTER-OFFICE COMMUNICATION**

DATE : January 12, 2011

TO : Supervisor Michael Mayo, Chairman, County Board of Supervisors

FROM : Pamela Bryant, Capital Finance Manager

SUBJECT : **Corporate Purpose Bond Reimbursement Resolution**

**Request**

The Department of Administrative Services (DAS) is requesting the approval of the attached reimbursement resolution to express the County's intent to reimburse capital project WP191 - Moody Pool Refurbishment for expenditures incurred prior to the issuance of General Obligation Corporate Purpose Bonds or Notes.

**Background**

In the 2011 Adopted Capital Improvements Budget, the County Board of Supervisors approved \$5,008,380 to improve the Moody Pool facility. The bond issue amount of \$5,200,000 includes estimated issuance costs. The differences between the not-to-exceed amount and the budgeted bond amount reflects the estimated issuance costs and provides flexibility for any adjustments that may occur prior to the issuance of the bonds.

**Proposed Bond Sales**

The County has a proposed bond sale scheduled for March of 2011 to refund bonds issued in 2001, 2002 and 2003. The initial plan is to include the bond issuance for Moody Pool with this financing to achieve economies of scale. However, the 2011 Adopted Budget states that the "Parks Director shall work in conjunction with representatives of the Children's Outing Association, Dominican Women's Center, Department on Aging and City of Milwaukee to study alternative uses for the Moody Pool. A final report shall be presented to the Committees on Parks, Energy and Environment and Finance and Audit by the March 2011 meeting cycle."

There is a chance that the stakeholders may not have completed the decision making process regarding the project scope by the time of the March bond sale. Therefore, the bond sale may be delayed until the next bond financing in 2013. Project implementation will not be delayed because general County funds will be temporarily used to finance the projects and will be replenished upon the sale of the general obligation bonds or notes. Approval of the attached reimbursement resolution will allow the County to reimburse itself with future bond proceeds.

**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 far back as 60 days prior to the approval of the attached reimbursement resolution. Any work on the project that is done earlier than 60 days prior to the approval date would not be eligible for reimbursement.

**Recommendation**

The DAS recommends that the Finance and Audit Committee approve the accompanying resolution that expresses the County's intent, in accordance with U.S. Treasury Regulation Section 1.150-2, to reimburse itself for expenditures that will occur prior to the issuance of the bonds.



Pamela Bryant  
Capital Finance Manager

Attachment

pc: Lee Holloway, Interim County Executive  
John Thomas, Vice-Chair, Finance and Audit Committee  
Joe Czarnezki, County Clerk  
Dan Diliberti, County Treasurer  
Renee Booker, Interim Director, Department of Administrative Services  
E. Marie Brossard, Deputy Chief of Staff, County Executive's Office  
Terrence Cooley, Chief of Staff, County Board  
John Ruggini, Interim Fiscal and Budget Administrator, DAS  
Stephen Cady, County Board Fiscal and Budget Analyst  
David Anderson, Public Financial Management, Inc.  
Chuck Jarik, Chapman and Cutler LLP

1  
2  
3  
4 (ITEM \*)  
5  
6  
7

**A RESOLUTION**

8                   **RESOLUTION expressing official intent regarding certain**  
9                   **capital expenditures to be reimbursed from the proceeds of an**  
10                   **obligation.**

11           **WHEREAS** Milwaukee County, Wisconsin (the “*Issuer*”) now wishes to advance moneys  
12 from available funds to pay the costs of a capital project described in *Exhibit A* attached hereto  
13 and made a part hereof (the “*Project*”); and

14           **WHEREAS** all or a portion of the expenditures relating to the Projects and to be made  
15 from such funds (the “*Expenditures*”) (i) have been paid within the sixty (60) days prior to the  
16 passage of this Resolution, or (ii) will be paid on or after the passage of this Resolution; and

17           **WHEREAS** the Issuer reasonably expects to reimburse itself or pay for the Expenditures  
18 with the proceeds of general obligation bonds or notes;

19           **NOW THEREFORE** Be It Resolved by the County Board of Supervisors of Milwaukee  
20 County, Wisconsin, as follows:

21           *Section 1.* The Issuer reasonably expects to reimburse or pay the Expenditures with  
22 proceeds of general obligation bonds or notes.

23           *Section 2.* The maximum principal amount of the obligations expected to be issued for  
24 the Projects and to be made from the funds is \$5,200,000 in general obligation bonds or notes.

25           *Section 3.* All actions of the officers, agents and employees of the Issuer that are in  
26 conformity with the purposes and intent of this Resolution, whether taken before or after the  
27 adoption hereof, are hereby ratified, confirmed and approved.

28           *Section 4.* This Resolution shall be in full force and effect immediately upon its  
29 adoption.  
30

31  
32  
33  
34  
35  
36  
37  
38

**EXHIBIT A**

<b>PROJECT</b>	<b>AMOUNT</b>
Moody Pool Refurbishment	\$5,200,0000

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 1/12/11

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT: Corporate Purpose Reimbursement Resolution**

**FISCAL EFFECT:**

- |   |  |
|---|--|
| <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 checked="" type="checkbox"/> Increase Operating Expenditures<br>(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 checked="" 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.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	0	0
	Revenue	0	
	Net Cost	0	0
<b>Capital Improvement Budget</b>	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.<sup>1</sup> 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.

- A. The Department of Administrative Services is requesting approval of the attached reimbursement resolution in accordance with US Treasury regulations to allow the County to reimburse itself for expenditures incurred prior to the issuance of the bonds.
- B. Depending upon project implementation, costs incurred prior to the issuance of the bonds would be financed temporarily with general County revenue. However, upon issuance of the bonds the County would be reimbursed for these costs.
- C. See item B.
- D. N/A.

Department/Prepared By Pamela Bryant

Authorized Signature 

Did DAS-Fiscal Staff Review?  Yes  No

<sup>1</sup> 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.