

COUNTY OF MILWAUKEE

INTEROFFICE COMMUNICATION

DATE: September 1, 2023

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

FROM: Celia Benton, Director, DAS, Economic Development

SUBJECT: Revenue bond financing by the Public Finance Authority of a project located at 135 West Wells Street, Milwaukee, pursuant to Wis. Stat. 66.0304(11)(a) and Milwaukee County Code of Ordinances Section 32.97

REQUEST

A resolution approving the revenue bond financing by the Public Finance Authority ("PFA") of a project located in Milwaukee County for the benefit of Germania Historic LLC ("Germania"), pursuant to Wis. Stat. 66.0304(11)(a) and Milwaukee County Code of Ordinances Section 32.97.

Previous Legislation

File No. 17-156 – Recommended Procedures for PFA Requests
File No. 17-365 – Adoption of Procedures to Review PFA Requests
Milwaukee County Code of Ordinances Section 32.97

Background

PFA is a governmental entity created by the legislature and authorized to issue tax-exempt, taxable, and tax conduit bonds for public and private entities. PFA is sponsored by the National Association of Counties, National League of Cities, Wisconsin Counties Association and League of Wisconsin Municipalities. PFA was established as an alternative to local government issuance of bonds and reduces cost, staff time and liability to cities and counties in relation to requests for these types of bonds. PFA does provide an opportunity to weigh in on the issuance of bonds within a community through a requirement to hold a public hearing and approve the financing prior to issuance of the bonds by PFA.

Report

Wisconsin Statutes Section 66.0304(11)(a) requires that PFA may not issue bonds for a project unless a political subdivision within whose boundaries the project is to be located has approved the financing. Because this project is located both within the City of Milwaukee and Milwaukee County such approval must be made by the Milwaukee Common Council and the Milwaukee County Board of Supervisors.

At its meeting on July 31, 2023, the City of Milwaukee Common Council approved the issuance of PFA bonds for the benefit of Germania Historic LLC.

Bond Counsel requests approval from Milwaukee County for the issuance of bonds not to exceed \$18,000,000 to Cardinal Capital on behalf of Germania Historic LLC.

The bonds will be used to retire the existing Wisconsin Housing and Economic Development Authority (WHEDA) tax exempt bonds of approximately \$9,250,000, and \$5,600,000 in taxable bonds to pay off additional WHEDA loans and reimburse Cardinal Capital for funds advanced to repair the roof, cornices and historic doors at the building. An estimated \$500,000 will go towards completing the continuing rehabilitation work on the historic cornices and roof, which are needed for safety reasons and to maintain integrity of the building.

The economic impact is as follows:

At WHEDA's request, Cardinal Capital led the redevelopment of the Germania building from 2016-2017. The building was originally constructed in 1896 to house the publishing business of George Brumder and has endured as a landmark with historical significance. Cardinal Capital completed the redevelopment project in 2017 through Low Income Housing Tax Credits, Historic Tax Credits, tax exempt bonds and WHEDA loans to create a 90-unit apartment building with a mix of 44 affordable units and 46 market rate units. The affordable units are offered to residents with an average median income of 60% or lower.

Approximately 110 jobs were created when the building redevelopment was completed in 2017. The additional rehabilitation work on the front door, cornices and rooftop is expected to create an additional 15-20 jobs through 2024. Best efforts will be used to contract with Target Business Enterprises.

The tax base created was \$4,725,200 when the property was redeveloped in 2017. No additional tax base is expected to be created with the rehabilitation work.

Bond Counsel has confirmed that upon holding the hearing and approval of the project, the County will have no further responsibility or liability in connection with the issuance or post issuance compliance activities associated with the bonds.

Pursuant to Milwaukee County Code of Ordinances Section 32.97, if the issuance is consented by the County, PFA shall provide the Office of the Comptroller the following items:

- a) Bond closing transcripts.
- b) A final report listing the assets or portions of assets that are financed or refinanced with the proceeds.
- c) Notification of any violations that are discovered relating to bond financed or refinanced assets.

RECOMMENDATION

Approval of the attached Resolution pursuant to Wis. Stat. 66.0304(11)(a) and Milwaukee County Code of Ordinances Section 32.97.

Celia Benton

Celia Benton

Director of Economic Development, Department of Administrative Services

cc: David Crowley, County Executive
Aaron Hertzberg, Director, Department of Administrative Services
Supervisor Steve F. Taylor, Chair, Committee on Community, Environment, and Economic Development
Supervisor Sheldon Wasserman, 3rd District
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Mary Jo Meyers, Chief of Staff, County Executive's Office
Allyson Smith, Committee Coordinator
Scott Manske, Comptroller
Margaret Daun, Corporation Council