

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

DATE: July 6, 2015

TO: Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM: Scott B. Manske, Comptroller

SUBJECT: Revised Bond Resolutions to Issue Additional General Obligation Bonds for Project WO517 War Memorial Renovations

REQUEST

The Office of the Comptroller (Comptroller's Office) is requesting the approval of the attached initial authorizing resolutions and parameters resolutions to increase the not-to-exceed amount in the 2015 general obligation bond issuance for the purpose of making improvements to the War Memorial Center (WMC) by \$1,300,000 from \$4,220,000 to \$5,520,000.

In June 2015, the County Board of Supervisors approved a change in financing for the Election Machines capital project from \$1,794,000 in bonds to \$1,794,000 in cash. Therefore, the Comptroller's Office is not requesting an increase to the not-to-exceed amount of \$53.6 million for the 2015 bond issuance that was approved in January of 2015. The additional \$1,210,000 in bonding is significantly less than the approved \$1,794,000 reduction in bonding.

There is a separate request for the July 2015 cycle from the Comptroller's Office to reduce bond financing for the capital project WO614 Buildout Ten Sites to Digital Sites by \$1,220,000. It is likely that other projects that are currently in the 2015 not-to-exceed amount will be delayed and therefore not included in the 2015 bond issue. If this were to occur the delayed projects would be included in a future financing.

BACKGROUND

In February 2015, the County Board and County Executive approved the initial resolutions (February Resolutions) for the 2015 general obligation bond issuance. The February Issuance allowed for the issuance of an overall not-to-exceed amount \$53,600,000. The February Issuance also allowed for a not-to-exceed amount of \$4,220,000 for the purpose of making improvements to the WMC.

The 2015 Adopted Capital Improvements Budget included an appropriation of \$4.2 million for Project WO517 War Memorial Improvements. The financing for the appropriation is to be provided from the 2015 general obligation bonds. During 2015, work has been progressing on Project WO517 War Memorial Renovations. Additional financing is needed to complete improvements to the HVAC System and Elevators. A separate fund transfer request is being submitted by the Director of the Department of Administrative Services (DAS) to increase the 2015 general obligation bond/note funding for the project by \$1,210,000. The \$1,300,000 being requested in this resolution is higher in order to provide additional flexibility for the public hearing notice in the case of future appropriation transfer(s) being approved by the County Board and County Executive.

Prior to the start of construction, the parties involved in the War Memorial Center Improvements estimated the County's portion of the costs as \$10 million. Costs have exceeded original estimates. The parties dispute the final responsibility for some of these additional costs, but the expenditures are being requested in order to complete the improvements.

To date appropriations totaling \$11.9 million have been allocated to the Project. The increase of \$1.3 to the 2015 bond issuance for Project WO517 will increase the total appropriations to \$13.2 million. The Comptroller's Office is aware that the HVAC System costs require an increase in appropriations. The Comptroller's Office also believes that future year appropriations may be needed to complete the project.

DEBT ISSUANCE CONDITIONS

Wisconsin State Statute 67.045 outlines the conditions for which a governing body may issue debt. To comply with the referenced State Statute, approval of the attached an initial authorizing resolution with respect to the General Obligation Bonds will require a $\frac{3}{4}$ vote (14 votes) of the County Board of Supervisors. The parameters resolutions for the Corporate Purpose Bonds will require approval by a majority of a quorum of the County Board.

PUBLIC HEARING REQUIREMENTS FOR PRIVATE ACTIVITY BONDS

The WMC Renovation Project is considered a private activity 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 to allow for public comment.

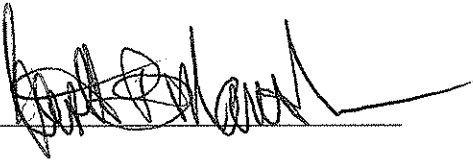
AUTHORIZING RESOLUTIONS

Attached are the amended authorizing resolutions for the 2015 Corporate Purpose Bonds which include an initial resolution, parameters resolution, a resolution directing publication of notices to the electors and a resolution authorizing the sale of the General Obligation Bonds. Each of the items in the resolution requires Finance, Personnel and Audit Committee and County Board approval.

RECOMMENDATION

The Comptroller's Office requests that the Finance, Personnel and Audit Committee approve and recommend approval by the full County Board of the attached resolutions. The resolutions authorize the issuance and sale of additional Corporate Purpose Bonds and delegate, to the Comptroller, the authority to approve the final terms and conditions of the bond sales provided that those terms and conditions are within the parameters set forth in the attached resolutions.

The Comptroller's Office will be submitting an informational report, tentatively scheduled for the September 2015 cycle of the Finance, Audit and Personnel Committee, on the project status and outstanding issues relating to the War Memorial Renovations project.



Scott B. Manske
Comptroller

Attachment

pc: Chris Abele, County Executive
Supervisor Willie Johnson, Co-Chairman, Finance and Audit Committee
Supervisor Theodore Lipscomb, Sr., Co-Chairman, Finance and Audit Committee
Scott B. Manske, Comptroller
Don Tyler, Director, Department of Administrative Services
Raisa Koltun, Chief of Staff
Kelly Bablitch, Chief of Staff, County Board
Josh Fudge, Budget Director
Stephen Cady, Research Director
Joseph Czarnecki, County Clerk
David Cullen, County Treasurer
Brian Lanser, Quarles and Brady
Lafayette Crump, Crump Law Firm
David Anderson, Public Financial Management
Tionna Reed Pooler, Independent Public Advisors
Justin Rodriguez, Budget and Management Coordinator