

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: May 01, 2012

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Recommendation for Underwriter Services for Refinancing of the 2009B Pension Obligation Notes

FISCAL EFFECT:

- | | |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input checked="" type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(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 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.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$0	\$0
	Revenue		
	Net Cost	\$0	\$0
Capital Improvement Budget	Expenditure	See Explanation	See Explanation
	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.¹ 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, recommends that J.P. Morgan Securities be retained as lead book-running underwriter for the refunding of the 2009B taxable pension notes. The Department also recommends that Royal Bank of Canada Capital Markets be retained as the co-senior managing underwriter and Siebert Brandford Shank & Company be retained as co-managing underwriter.

B-D.

The 2009 plan of finance was set up to provide level debt service payments over a 25-year period and involved the initial issuance of two series of notes. Approximately two-thirds of the principal amount (\$265,000,000) was issued as the Series 2009A Notes that mature in the years 2010 through 2028 (consistent with the maximum maturity of 20 years allowed by state statutes). The balance of the principal amount (\$135,000,000) was issued as the series 2009B Notes. The Series 2009B Notes mature on December 1, 2013. The initial plan of finance anticipated that the 2009 B Notes would be refunded with bonds maturing in the years 2029 through 2033.

Assuming that the County would issue \$135,000,000 of Pension Refunding Bonds, the estimated cost of issuance for the underwriting syndicate is estimated to be \$345,465. The actual amounts paid by the County are dependent upon the size and structure of the final proposal. These costs would be funded with bond proceeds.

¹ 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.

Department/Prepared By Justin Rodriguez, DAS-Fiscal

Authorized Signature _____

Did DAS-Fiscal Staff Review? Yes No