

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

DATE : January 10, 2014

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

FROM : Scott B. Manske, Comptroller, Office of the Comptroller

SUBJECT : **Corporate Purpose Bond Reimbursement Resolution**

Request

The Office of the Comptroller is requesting the approval of the attached reimbursement resolution to express the County's intent to reimburse itself for expenditures relating to capital projects included in the 2014 Capital Improvements Budget that are incurred prior to the issuance of General Obligation Corporate Purpose Bonds or Notes.

Background

The 2014 Capital Improvements Budget included \$37,466,557 of new corporate purpose bond financing for various capital projects.

The reimbursement resolution will allow spending to occur prior to the issuance of the bonds.

The maximum amount of the reimbursement resolution (\$38,260,000) is greater than the total bond amounts budgeted for the projects (\$37,466,557) because the reimbursement resolution amount includes the estimated cost of issuance.

Proposed Bond Sales

The Office of the Comptroller will submit a separate resolution in a future Board cycle in order to authorize the sale of the bonds and to delegate the approval of the sale to the Comptroller. The authorizing resolution will include various capital improvement projects included in the 2014 Capital Improvements Budget and projects that were previously approved by the Board in 2013.

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 (other than architectural and engineering fees and similar costs).

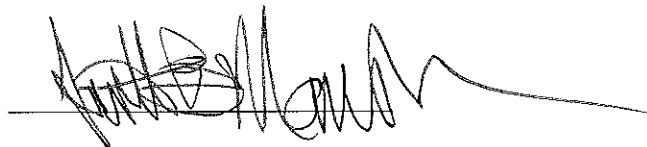
The Bonds must be issued within eighteen months of the placed-in-service dates or dates of the financed facilities and, in any event, within three years of first reimbursed expenditures.

In summary, the following tax rules need to be observed in connection with the reimbursement approved by the attached reimbursement resolution:

- No expenditure made 60 days prior to the date of the adoption of the reimbursement resolution can be made (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 recommends that the Finance, Personnel, 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 or notes.



Scott B. Manske
Comptroller

pc: Chris Abele, County Executive
Willie Johnson Jr., Co-Chair, Finance, Personnel, and Audit Committee
David Cullen, Co-Chair, Finance, Personnel, and Audit Committee
Joe Czarnecki, County Clerk
Dan Diliberti, County Treasurer
Josh Fudge, Director, DAS-PSB
Pamela Bryant, Capital Finance Manager, Office of the Comptroller
Kelly Bablitch, Chief of Staff, County Board
Stephen Cady, Research and Policy Director