

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: April 21, 2017

TO: Supervisor Theo Lipscomb, Chair, Milwaukee County Board of Supervisors

FROM: James Tarantino, Economic Development Director, Department of Administrative Services

SUBJECT: Procedures to review Public Finance Authority requests per adopted policies in File No. 16-418.

REQUEST

Adoption of procedures to review Public Finance Authority requests for consent of the issuance of conduit revenue bonds within Milwaukee County.

BACKGROUND

Previous legislation –

- File 13-744 “A resolution approving the revenue bond financing by the Public Finance Authority of projects located in Milwaukee County for the benefit of Hope Christian Schools.”
- File 14-247 “A resolution approving the revenue bond financing by the Public Finance Authority of projects located in Milwaukee County for the benefit of Crown Court Prairie Haven, LLC.”
- File 16-418 “From the Director of Economic Development, Department of Administrative Services, requesting approval of revenue bond financing in an amount not-to-exceed \$8,300,000 by the Public Finance Authority for the benefit of BHP, Inc., doing business as Global Power Components for the acquisition, construction, renovation, and equipping and/or equipment of land and a building located at 2300 South 51st Street in the City of Milwaukee.”
- File 17-156 – Recommended procedures for PFA request review

Procedures to Evaluate Requests Received by Milwaukee County for Public Finance Authority (PFA) Conduit Revenue Bond Issuance

1. The PFA or bond counsel representing a conduit revenue bond transaction will contact Milwaukee County’s Economic Development Director at least ninety (90) days prior to when the County’s consent is required. This initial communication will contain at least -
 - a. A project description and economic impact analysis as described in 4(a) and 4(b) below, and
 - b. A written request for County Board consent of bond issuance.
 - c. Evidence of support from the local municipality as described in 4(e) below.
2. A copy of this request will be sent to the Director of the Department of Administrative Services, the Comptroller, and the County Board Chairperson

3. The Economic Development Director will acknowledge receipt of a request by providing a written response within seven (7) days of receiving such a request. In that acknowledgment, the ED Director will describe the procedures and criteria for review prior to the County issuing its consent.
4. The Economic Development Director and Office of the Comptroller will review requests within thirty (30) days of acknowledging receipt. The following criteria will be applied to that review –
 - a. Project description
 - i. A description of the project including the borrower, municipality where the issuance will occur, project end use, and
 - ii. A description of the type of bond being issued.
 - b. Economic Impact –
 - i. Estimated total jobs created in the project and induced through construction.
 - ii. Anticipated tax base created.
 - c. Project viability
 - d. No County Liability
 - i. Bond counsel must confirm as a condition of Milwaukee County's consent that the bonds, when and if issued, do not constitute a debt or pecuniary liability, or a legal or moral obligation of Milwaukee County for any reason whatsoever. A written statement or other similar contract from the requesting entity declaring the same shall be submitted with the request for consent to the County Board.
 - e. Municipal Support
 - i. Milwaukee County will begin its review after receiving written consent from the local municipality where the bonds will be issued. A certified resolution of this support shall be submitted with the initial request.
5. If it is determined that the project and request for consent of conduit revenue bonding is sufficient, the request will be sent to the Milwaukee County Board of Supervisors for action along with the (1) Project Description, (2) Economic Impact Analysis, (3) statement of no liability, and (4) Resolution indicating municipal approval.
6. If the issuance is consented by Milwaukee County, the 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

It is recommended that the Milwaukee County Board of Supervisors recommend the procedures as herein provided be adopted to the Administrative Manual of Operating Procedures.



James Tarantino

Economic Development Director, Department of Administrative Services

Attachments (2): Resolution
Fiscal Note

cc: Chris Abele, County Executive
Supervisor Steve Taylor, Chair, Economic and Community Development Committee
Economic and Community Development Committee Members
Teig Whaley-Smith, Director, Department of Administrative Services
Raisa Koltun, Chief of Staff, Office of the County Executive
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Eric Peterson, Government Affairs, Office of the County Executive
Steve Cady, Research & Policy Director
Shanin Brown, Committee Coordinator
Scott Manske, Comptroller
Pam Bryant, Capital Finance Manager

(ITEM) A resolution to approve procedures for review of requests for Milwaukee County consent of conduit revenue bond issuance from the Public Finance Authority.

RESOLUTION

WHEREAS, conduit financing is a funding mechanism for projects through the issuance of tax-exempt municipal bonds that can support a wide variety of projects including public works projects and private development; and

WHEREAS, the Public Finance Authority (PFA) is a unit of government and body corporate and politic of the State of Wisconsin created pursuant to the provisions of Sections 66.0301, 66.0303, and 66.0304 of the Wisconsin Statutes that is authorized to, among other things, issue bonds, notes or other evidences of indebtedness in connection with, and to make loans to assist in the financing of, projects located inside and outside of the State of Wisconsin; and

WHEREAS, Section 66.0304(11)(a) of the Wisconsin Statutes provides that the Public Finance Authority may not issue bonds to finance a capital improvement project in the State of Wisconsin unless all of the political subdivisions within whose boundaries the project is to be located have approved the financing of the project; and

WHEREAS, the bonds, when and if issued, do not constitute a debt or pecuniary liability, or a legal or moral obligation of Milwaukee County for any reason whatsoever; and

WHEREAS, pursuant to Amendment 1 to File 16-418, which states "the Director, Department of Economic Development is designated as the primary contact person for Milwaukee County Public Financing Authority projects and is authorized and requested to develop a procedure to evaluate such requests received by Milwaukee County" such procedures are herein provided; and

WHEREAS, in the March 2017 cycle of the Milwaukee County Board of Supervisors an informational report (File 17-156) was provided that outlined the following procedures; and

WHEREAS, this and all future actions having to do with the issuance of debt shall be reviewed by the Office of the Comptroller, therefore,

BE IT RESOLVED, that the Milwaukee County Board of Supervisors does hereby recommend adoption of the following procedures to any applicable ordinance or Administrative Manual of Operating Procedures:

- 46 1. The PFA or bond counsel representing a conduit revenue bond transaction will
47 contact Milwaukee County's Economic Development Director at least ninety (90)
48 days prior to when the County's consent is required. This initial communication
49 will contain at least -
50 a. A project description and economic impact analysis as described in 4(a)
51 and 4(b) below, and
52 b. A written request for County Board consent of bond issuance.
53 c. Evidence of support from the local municipality as described in 4(e) below.
54 2. A copy of this request will be sent to the Director of the Department of
55 Administrative Services, the Comptroller, and the County Board Chairperson
56 3. The Economic Development Director will acknowledge receipt of a request by
57 providing a written response within seven (7) days of receiving such a request. In
58 that acknowledgment, the ED Director will describe the procedures and criteria
59 for review prior to the County issuing its consent.
60 4. The Economic Development Director and Office of the Comptroller will review
61 requests within thirty (30) days of acknowledging receipt. The following criteria
62 will be applied to that review -
63 a. Project description
64 i. A description of the project including the borrower, municipality
65 where the issuance will occur, project end use, and
66 ii. A description of the type of bond being issued.
67 b. Economic Impact -
68 i. Estimated total jobs created in the project and induced through
69 construction.
70 ii. Anticipated tax base created.
71 c. Project viability
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74 consent that the bonds, when and if issued, do not constitute a
75 debt or pecuniary liability, or a legal or moral obligation of
76 Milwaukee County for any reason whatsoever. A written statement
77 or other similar contract from the requesting entity declaring the
78 same shall be submitted with the request for consent to the County
79 Board.
80 e. Municipal Support
81 i. Milwaukee County will begin its review after receiving written
82 consent from the local municipality where the bonds will be issued.
83 A certified resolution of this support shall be submitted with the
84 initial request.
85 5. If it is determined that the project and request for consent of conduit revenue
86 bonding is sufficient, the request will be sent to the Milwaukee County Board of
87 Supervisors for action along with the (1) Project Description, (2) Economic
88 Impact Analysis, (3) statement of no liability, and (4) Resolution indicating
89 municipal approval.
90 6. If the issuance is consented by Milwaukee County, the PFA shall provide the
91 Office of the Comptroller the following items:

- 92 a. Bond closing transcripts
- 93 b. A final report listing the assets or portions of assets that are financed or
- 94 refinanced with the proceeds
- 95 c. Notification of any violations that are discovered relating to bond financed
- 96 or refinanced assets
- 97

98 BE IT FURTHER RESOLVED, that the County Executive and County Clerk are
99 authorized to execute any required documents regarding the execution of this
100 Resolution.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: April 21, 2017

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: A resolution to approve procedures for review of requests for Milwaukee County consent of conduit revenue bond issuance from the Public Finance Authority

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact <input checked="" type="checkbox"/> Existing Staff Time Required <input checked="" type="checkbox"/> Increase Operating Expenditures (If checked, check one of two boxes below) <input type="checkbox"/> Absorbed Within Agency's Budget <input type="checkbox"/> Not Absorbed Within Agency's Budget <input type="checkbox"/> Decrease Operating Expenditures <input type="checkbox"/> Increase Operating Revenues <input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures <input type="checkbox"/> Decrease Capital Expenditures <input type="checkbox"/> Increase Capital Revenues <input type="checkbox"/> Decrease Capital Revenues <input type="checkbox"/> Use of contingent funds |
|--|--|

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 | 0 | 0 |
| | Net Cost | 0 | 0 |
| Capital Improvement Budget | Expenditure | 0 | 0 |
| | Revenue | 0 | 0 |
| | Net Cost | 0 | 0 |


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 Milwaukee County Director of Economic Development is the designated primary contact person for Milwaukee County Public Financing Authority projects and is recommending procedures to be adopted for the review of PFA conduit revenue bond requests for consent.
- B. The review of PFA proposals and resolutions will require the Office of the Comptroller to engage with the County's bond counsel. Although this will result in increased costs, it is anticipated that the expenses will be absorbed within the annual appropriation currently included Org. Unit 9960 Debt Service for debt related matters.
- C. See Response to B
- D. None.

Department/Prepared By James Tarantino, Director, DAS-Economic Development

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required

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.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.